

MOBILE HOUSING BOARD
Mobile, Alabama

MANAGEMENT'S DISCUSSION & ANALYSIS
AND AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

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**MOBILE HOUSING BOARD
Mobile, Alabama**

**REPORT ON EXAMINATION
OF FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014



**UNMODIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION
AND OTHER INFORMATION – STATE OR LOCAL GOVERNMENTAL ENTITY**
INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Mobile Housing Board
Mobile, Alabama

Department of Housing and Urban Development
Birmingham Field Office
Medical Forum Building
950 22nd Street North, Suite 900
Birmingham, AL 35203

Report on Financial Statements

We have audited the accompanying financial statements of the Mobile Housing Board as of and for the year ended December 31, 2014, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinions.

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Mobile Housing Board, as of December 31, 2014, and the respective changes in financial position and, where appropriate, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements include the discretely presented financial statements of the Downtown Renaissance Partnership I, L.P. and the Downtown Renaissance Partnership II, L.P. as of December 31, 2014 and 2013. These financial statements were audited by other auditors whose reports expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, as listed in the table of contents, should be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedure did not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Mobile Housing Board. The accompanying Schedule of Expenditures of Federal Awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as well as the Financial Data Schedules and Special Reports required by the U.S. Department of Housing and Urban Development, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2015 on our consideration of the Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.


Rector, Reeder & Lofton, P.C.
Certified Public Accountants

Lawrenceville, Georgia
June 5, 2015

MOBILE HOUSING BOARD
Mobile, Alabama

MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

Mobile Housing Board

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2014

Mobile Housing Board's ("MHB") *Management Discussion and Analysis* is designed to: (a) assist the reader in highlighting significant financial strategies employed by MHB in support of MHB's aspirations and approaches to provide quality public and affordable housing, (b) provide a context and overview of the MHB's financial activity, (c) identify changes in the MHB's financial position (including its ability to address the next and subsequent year challenges), and (d) identify individual program issues, concerns or challenges.

Since the Management Discussion and Analysis ("MD&A") is designed to focus on the Fiscal Year 2014 activities, resulting changes from previous years and currently known facts, it should be read in conjunction with the MHB's financial statements.

FINANCIAL HIGHLIGHTS

The outcome of the fiscal year operations of MHB resulted in a decrease in MHB's overall financial position for the year. Some financial highlights included the following:

- Occupancy Initiative and Operations Shortfall. MHB utilized past accumulated resources, primarily to: (i) address long-standing vacancy concerns, (ii) return selected aged and deteriorating housing units to rentable status, (iii) otherwise advance MHB's Occupancy Initiative, (iv) cover operations shortfalls due to continued record low funding levels.
- Net Financial Position. MHB's Net Position decreased by (\$3.6) million or 3.68% during FY2014. The Net Position was \$94.3 million and \$97.9 million for 2014 and 2013 respectively.
- Increase in Revenues. MHB's revenues increased by \$5.6 million or 12.75% during FY2014, and were \$50.2 million and \$44.6 million for 2014 and 2013 respectively. The driving force in the increased revenues was the receipt of insurance proceeds totaling \$1.8 million and the receipt of \$0.75 million from Mobile County in Pay-As-You-Go Funds as a financial incentive for completion of infrastructure and vertical construction for the Renaissance Gardens new construction development project. There was also an increase in Capital Fund Grant Revenues and Housing Choice Voucher Revenues during this fiscal year.
- Expenses Decrease. The total expenses of all MHB programs decreased by \$2.6 million or 4.6%. The agency aggressively decreased expenses due to the prior year record-low reduction in funding and sequestration. In the last quarter of 2014, there was a substantial reduction in force within the agency that resulted in the layoff of sixteen (16) staff members or some 9% of the employees then working for MHB. Total expenses were \$53.8 million and \$56.5 million for 2014 and 2013 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2014

REQUIRED FINANCIAL STATEMENTS

The primary focus of the MHB's financial statements highlight MHB's financial activities, including its major affiliates and subsidiaries (i.e., "MHB-wide"), and the major individual funds. Both perspectives (i.e., MHB-wide and major funds) allow the user to address relevant questions, broaden a basis for comparison (i.e., year-to-year or fund-to-fund) and enhance MHB's transparency for its fiscal management and resources.

MHB-WIDE FINANCIAL STATEMENTS

MHB-wide financial statements are designed to be corporate-like in that all business type activities are consolidated into columns that add to a total for the MHB-wide perspective.

Statement of Net Position

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources for MHB. The statement is presented in the format where assets, minus liabilities, equal "Net Position," formerly known as "Assets." Assets and liabilities are presented in order of liquidity, and are classified as "Current" (i.e., convertible into cash within one year), and "Non-current."

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (i.e., non-capital) assets, net of liabilities, for all of MHB. Net Position is reported in three broad categories:

Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets (net of depreciation), reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This component of Net Position consists of restricted assets, when constraints are placed on the asset by a third party, such as creditors (i.e. debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of Net Position that do not meet the definition of "Net Investment in Capital Assets," or "Restricted Net Position."

Statement of Revenues, Expenses, and Changes in Net Position

The MHB-wide financial statements also include a Statement of Revenues, Expenses and Changes in Net Position, which is similar to an Income Statement. This Statement includes Operating Revenues, such as rental income, Operating Expenses, such as administrative, utilities, and maintenance, and depreciation, and Non-Operating Revenue and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Net Position is the "Change in Net

Mobile Housing Board

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2014

Position”, which is similar to Net Income or loss.

Statement of Cash Flows

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, and for capital and related financing activities.

MHB’s Program Description

Conventional Low Income Public Housing Program – Under the Conventional Low Income Public Housing Program (“LIPH”), MHB rents units that it owns to extremely low, very low, and low-income households. The LIPH is operated under an Annual Contributions Contract (“ACC”) with the U.S. Department of Housing and Urban Development (“HUD”), and HUD provides Operating Subsidy and Capital Grant funding on a formula basis to assist the MHB to provide the housing at a rent that is based upon 30% of household income. The LIPH also includes the Capital Fund Program, which is a primary funding source for physical and management improvements to MHB’s properties and for the servicing of MHB’s CFFP Bond Pool debt.

Housing Choice Voucher Program – Under the Housing Choice Voucher Program, MHB subsidizes rental contracts through Housing Assistance Payments (“HAP”) to independent and other authorized landlords that own the property and lease to eligible participants. This MHB subsidy of the HAP is made directly to the landlord. The program is administered under an Annual Contributions Contract (“ACC”) with HUD. HUD provides Annual Contributions Funding to enable MHB to structure a lease that generally sets the participant family’s rent at 30% of household income.

In addition, MHB receives Veterans Affairs Supportive Housing assistance in relation to the HCV program. The HUD-Veterans Affairs Supportive Housing (“HUD-VASH”) program combines Housing Choice Voucher (“HCV”) rental assistance for homeless Veterans with case management and clinical services provided by the U.S. Department of Veterans Affairs (“VA”). The VA provides these services for participating Veterans at VA medical centers (“VAMCs”) and community-based outreach clinics. These two programs are combined on the Financial Data Schedule (“FDS”). Moreover, MHB receives Mainstream Vouchers, which is another voucher style program. Mainstream program vouchers enable families having a person with disabilities to lease affordable private housing of their choice. Mainstream program vouchers also assist persons with disabilities who often face difficulties in locating suitable and accessible housing on the private market. This program is reported separately on the FDS.

Business Activities – MHB operates multiple business activity programs that have an affordable housing or “hope through housing” thrust, including:

1. Trinity Gardens – This is a small self-contained 16-unit senior affordable housing community that once received supportive funding from a third party. That funding source has been eliminated; therefore, MHB is seeking other avenues to support this development in order to maintain its current level of affordability, so that residents may continue to pay 30% of the family’s income toward rent.

Mobile Housing Board

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2014

2. Affordable Housing/Real Estate Fund – This fund holds mortgage and maintenance reserves derived from the sale of affordable homes. Unrestricted reserves from this fund are available for activities to support other affordable housing purposes. Such activities might include acquisition of sites for replacement housing in support of MHB’s public housing repositioning, and other affordable housing ventures.
3. Contributed Funds – Local grants/donations are received by MHB from various organizations/persons. These funds are for varying purposes, including resident service activities, enrichment activities for youth, a summer youth work program known as SWEET-P, and other housing-related or supportive services.
4. Mixed Finance Business Activity Fund – As co-developer in mixed finance activities, MHB receives payment for the services that it provides to the various partnerships. This fund is established to ensure that revenues from these activities are carefully segregated and expended for appropriate activities.

Other Programs – In addition to the programs mentioned above, MHB has various programs that provide resident service type programs, food services and other forms of assistance. These programs include the following:

- Housing Counseling Assistance Program
- Home Equity Reversion Mortgage Counseling
- Resident Opportunity and Supportive Services Program
- Child and Adult Care Food Program
- Volunteer Income Tax Assistance (VITA)

Mobile Housing Board also has two tax-credit partnerships as part of its portfolio, which contains a combined 175 affordable housing units. These funds are illustrated in the audit report/financials in a separate column from the primary government activities (i.e., discretely presented component units). This MD&A report excludes the amounts and many of the activities that relate to these funds. Separate financial statements for these partnerships are available upon request.

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Mobile Housing Board

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2014

MHB-WIDE STATEMENTS

Statement of Net Position

The following table reflects the condensed Statement of Net Position compared to prior year.

Mobile Housing Board
Comparative Statement of Net Position
TABLE I

<u>Account Descriptions</u>	<u>2014</u>	<u>2013</u>	<u>Total Change</u>	<u>% Change</u>
Current Assets	\$ 9,763,966	\$ 11,578,111	\$ (1,814,145)	-15.67%
Noncurrent Assets	11,204,167	11,339,340	(135,173)	-1.19%
Capital Assets	87,933,976	93,717,171	(5,783,195)	-6.17%
Total Assets	\$ 108,902,109	\$ 116,634,622	\$ (7,732,513)	-6.63%
Current Liabilities	\$ 1,514,571	\$ 2,811,035	\$ (1,296,464)	-46.12%
Noncurrent Liabilities	13,071,071	15,906,347	(2,835,276)	-17.83%
Total Liabilities	14,585,642	18,717,382	(4,131,740)	-22.07%
Net Investment in Capital Assets	76,319,810	78,527,883	(2,208,073)	-2.81%
Restricted	13,495,414	13,700,428	(205,014)	-1.50%
Unrestricted	4,501,243	5,688,929	(1,187,686)	-20.88%
Total Net Position	94,316,467	97,917,240	(3,600,773)	-3.68%
Total Liabilities & Net Position	\$ 108,902,109	\$ 116,634,622	\$ (7,732,513)	-6.63%

Financial Analysis of the Statement of Net Position

Current assets decreased by a total of (\$1.8) million, with the majority of this amount related to reductions in cash and investments of (\$1.6) million. In 2013, HUD released the capital funds for the payment of the debt service payment in December; however, the payment of the debt did not occur until January 2014. In 2014, the release of the capital funds and the payment of the debt simultaneously occurred in December 2014. This resulted in a reduction of cash on hand at the end of the fiscal year of approximately \$1.6 million. Other current assets increased and decreased by varying immaterial amounts.

Mobile Housing Board

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2014

Noncurrent assets (excluding capital assets which are addressed in the Capital Asset section on Page 11 & 12) decreased by \$135,173 or 1.19%. This decrease is due to the refinancing of the agency's Capital Fund Financing Program ("CFFP") bond debt and the write-off of the CFFP bond issuance costs of \$273,442. An offsetting increase in notes receivable loans and accrued interest also occurred. This activity relates to MHB's Mixed Financed Tax Credit property activity. MHB considers the overall activity to be long-term because the realization of the notes receivable activity into current liquid assets will not be achieved until the completion of the tax credit compliance period, at the earliest.

Current liabilities decreased by (\$1.3) million or 46.12%. The majority of this difference (\$1.2 million) is related to the receipt and payment of the bond debt in December 2014; whereas in the previous fiscal year, HUD did not deduct the payment for this debt from the bank account until January of 2014. There were minor increases and decreases to vendors payable, HUD accounts payable, unearned revenues and other accrued liabilities due to timing issues and immaterial changes.

Non-current liabilities decreased by (\$2.8) million during the year ended December 31, 2014. The components of long-term liabilities and the significant changes during the year are as follows:

- Debt Outstanding at December 31, 2014, consists of Capital Funding Financing Program ("CFFP") debt issue obligations. The CFFP Issue obligations are through the Public Housing Finance Corporation and were for construction and renovation activities, primarily on three MHB public housing properties. The repayment of these loans is made out of Capital Fund Program grant funds and the Mobile Housing has no direct liability on these bonds other than its annual payment.
- MHB paid down \$2.4 million in CFFP bond debt obligations. In October, 2014, MHB refinanced its existing debt and received an interest rate of 3.15% compared to the previous interest rate of 6%. When MHB refinanced the loan, it successfully removed two properties from the bond debt collateralization calculations thereby making it easier to revitalize or reposition those properties in the future. The refinancing of this loan will result in substantial savings to the agency over the remaining life of the loan.
- MHB had other noncurrent obligations related to accrued compensated absences, FSS Escrow obligations, mortgage loan guarantees and operating loans. Accrued leave decreased by (\$52,382) due to increased utilization of accrued leave hours and the recent reduction in work force. MHB has issued operating loans in relation to some of the PHA's resident service programs. Loans have various terms and are all due within five years. FSS Escrow liabilities and other miscellaneous non-current liabilities had minimal changes due to normal changes in program activity.

As illustrated in the Statement of Net Position, the overall Net Position of MHB decreased by (\$3.6) million or 3.68%. Net Position is a reflection of the MHB's investment in their capital assets and the overall financial position of the Agency. Additional in-depth descriptions of the net changes are as follows:

- Net Investment in Capital Assets decreased by (\$2.2) million or 2.81% due to changes related to capital improvements and increased depreciation. MHB also paid debt service payments, reducing

Mobile Housing Board

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2014

the outstanding debt related to capital assets by \$2.4 million.

- Restricted Net Position decreased by (\$.2) million or 1.5%. This is an immaterial amount as related to the overall net position of the agency.
- Unrestricted Net Position decreased by (\$1.2) million or 20.88% due to net operating losses as a result of low federal subsidy pro-rations, rent fluctuations due to the economy, and continued recovery from the prior year sequestration.

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Mobile Housing Board

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2014

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses, and Changes Net Position breaks down MHB's revenues and expenses further. Table II, which follows, provides a comparative statement of these changes in Net Position. Table III provides a Schedule of Governmental Revenues by Program Source.

Mobile Housing Board
Comparative Statement of Revenues, Expenses and Changes in Net Position
TABLE II

Account Descriptions	2014	2013	Total Change	% Change
Tenant Revenue	\$ 4,859,161	\$ 4,890,721	\$ (31,560)	-0.64%
Grant Funding	41,837,192	39,953,618	1,883,574	4.71%
Interest Income	131,504	137,077	(5,573)	-4.07%
Other Income	3,408,961	959,898	2,449,063	255.14%
Loss on Sale of Assets	-	(1,384,726)	1,384,726	100.00%
Total Revenue	50,236,818	44,556,588	5,680,230	12.75%
Administration	6,295,739	7,069,690	(773,951)	-10.95%
Tenant Services	2,008,294	1,858,692	149,602	8.05%
Utilities	3,683,501	3,798,663	(115,162)	-3.03%
Maintenance	5,432,030	7,652,283	(2,220,253)	-29.01%
Protective services	415,641	619,623	(203,982)	-32.92%
General expense	2,696,995	2,604,478	92,517	3.56%
Housing Assistance Payments	24,624,570	24,028,957	595,613	2.48%
Interest expense	590,610	728,520	(137,910)	-18.93%
Amortization expense	269,151	48,865	220,286	450.81%
Depreciation	7,821,060	8,042,205	(221,145)	-2.75%
Total Expenses	53,837,591	56,451,976	(2,614,385)	-4.63%
Change in Net Position	(3,600,773)	(11,895,388)	8,294,615	69.73%
Beginning Net Position	97,917,240	109,812,628	(11,895,388)	-10.83%
Ending Net Position	\$ 94,316,467	\$ 97,917,240	\$ (3,600,773)	-3.68%

Revenue Discussion. Total revenue increased by 9.35% due mainly to increased receipts in insurance proceeds as a result of prior years' weather events in the amount of \$1.8 million. The agency also received a grant from Mobile County in the amount of \$.75 million in "Pay As You Go" funds for incentive contributions related to the successful completion of MHB revitalization initiatives in and near

Mobile Housing Board

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2014

MHB's Renaissance Gardens project. There was also an increase in HUD grant funding of \$2 million as compared to the prior year (see Table III on the Page 10). Tenant revenues have remained constant, coalescing with MHB's efforts to enhance its occupancy initiative activities for the 2014 fiscal year. MHB has had a historically lower occupancy at various projects caused, in part, by its aging and deteriorating housing stock, obsolescence, long-term delayed capital needs, neighborhood decline, and marketing challenges for certain communities.

Historically the low income public housing program used a mix of ARRA, CFP and other funding sources to improve severely damaged, deteriorating and unsafe units to meet the goals and guidelines of MHB. The main component of funding in the current year was operational, reserve and CFP resources. Even so, MHB has worked during the fiscal year to address each of these concerns, reduce the vacancy rate concerns at several viable communities, and increase overall occupancy via its aggressive Occupancy Initiative, but has been hampered by the lack of available funding and delays in regulatory decisions.

Interest Income decreased by (\$5,573) or 4.07% due to decreased interest earned on restricted cash for the debt service fund. As a result of the Capital Fund Financing Program debt refinancing, less cash is required in the debt service bank account. .

Other income increased by 3.8 million or 902.45 % was previously explained in the overall income section to include insurance proceeds and *Pay As You Go* incentive Funds. During FY2014, there were no losses on the sale of assets for the Hampton Park Home Ownership Program as this program ended in the previous fiscal year.

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Mobile Housing Board

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2014

See the program by program breakdown per Table III, below:

Table III
HUD Funding Comparative

Year	Public Housing	CFP	Vouchers	ROSS
2014	9,494,114	6,008,241	25,229,832	221,154
2013	10,814,325	4,089,783	23,633,358	405,059
Net Change	(1,320,211)	1,918,458	1,596,474	(183,905)
% Change	-12.21%	46.91%	6.76%	-45.40%

Year	Supportive Housing	Housing Counseling	Other	Totals
2014	637,093	17,653	-	41,608,087
2013	617,199	21,119	-	39,580,843
Net Change	19,894	(3,466)	-	2,027,244
% Change	3.22%	-16.41%	0.00%	5.12%

Although sequestration was lifted and provided some relief to the agency by increasing proration from 81.86% in 2013 to 88.79% in 2014, the reduction in funding in the LIPH fund continued due to diminished occupancy levels flowing from the aging of the properties, growing obsolescence of a significant percentage of the LIPH rental units, and underfunded CFP which contributes to unmet capital needs. Funding continues to remain lower than the amount needed to operate efficiently, maintain an aging rental housing stock in light of normal *wear and tear*, preventive maintenance, weather-related factors, or to deliver the quantity of services needed in the Mobile metropolitan area.

The agency receives Capital Fund grants each year to fund capital improvements to its properties. In addition, the agency may choose to utilize a portion of its capital fund grants to support operations (up to 20% of the total grant). Due to the reduction in funding in the LIPH program, MHB elected to utilize an additional \$1.9 million in capital fund dollars to support operations. MHB had historically not utilized its full permissible allocation of capital funds toward operational expenses, however, other operational funding shortfalls, made such a course advisable for FY2014.

With regards to the Voucher program, Mobile Housing Board utilized approximately \$700,000 in Net Restricted reserves to pay HAP in 2014. In addition, HUD provided increased funding due to sequestration

Mobile Housing Board

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2014

being lifted, which provided some relief to this program.

Expense Discussion. Total expenses decreased by 4.6% due mainly to decreases in Maintenance and Administration expenses. Maintenance costs decreased by (\$2.22) million or 29.01% due to the agency's aggressive reduction in expenses to align its budgets as a result of the prior year record-low funding cuts, sequestration and other continued reductions in funding. Administration costs also decreased by \$0.8 million as a result of the agency's aggressive cost containment efforts by MHB, as well as decreases in various administrative contracts. Housing Assistance Payments increased by \$.6 million or 2.48% of the utilization of Net Restricted Position to pay landlords due to HUD's requirement for the agency to utilize its reserves.

Tenant Services increased by \$149,602 or 8.05% due to increased personnel expenses as a result of a re-alignment of business units within the agency to better serve the residents of Mobile Housing Board.

Utilities decreased by (\$115,162) or 3.03%, which is a minimal change for this line item. Utility expenses vary, depending on occupancy and changes in weather patterns.

Protective Services decreased by (\$.2) million or 32.92% to correspond with the decline in funding, particularly in the LIPH program. Even so, security remains an important priority of the MHB's Board of Commissioners and professional staff, and MHB will continue its search for funding sources to continue providing this valuable service to its residents.

General expenses increased by \$92,517 or 3.56%. The major source of this increase is in property insurances. This is an immaterial increase for this line item.

Interest expense decreased by (\$.1) million or 18.93%. This was a result of lowering the debt service by refinancing the CFFP bond debt and lowering the interest rate by almost 3 percentage points.

Depreciation decreased by (\$.2) million or 2.75% due to some capital items reaching full depreciation.

Amortization expense increased by \$.2 million due to the refinancing of the CFFP bond debt. The existing bond premium that had previously been amortized over the life of the bond issue was expensed in the current period.

CAPITAL ASSETS

As of year-end, the MHB had \$87.9 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (i.e., additions, deductions and depreciation) of (\$5.8) million or 6.2% from the end of last year.

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Mobile Housing Board

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2014

The following reconciliation summarizes the change in Capital Assets:

Mobile Housing Board
Comparative Statement of Capital Assets
TABLE IV

<u>Account Descriptions</u>	<u>2014</u>	<u>2013</u>	<u>Total Change</u>	<u>% Change</u>
Land	\$ 5,170,046	\$ 5,170,046	\$ -	0.00%
Buildings & Improvements	225,888,603	223,857,100	2,031,503	0.91%
Equipment	3,651,786	3,645,424	6,362	0.17%
	234,710,435	232,672,570	2,037,865	0.88%
Accumulated Depreciation	(146,776,459)	(138,955,399)	(7,821,060)	-5.63%
Total Capital Assets	\$ 87,933,976	\$ 93,717,171	\$ (5,783,195)	-6.17%

MHB administered eleven (11) CFP/RHF modernization and revitalization programs. These programs contributed \$3.9 million to the moderate rehabilitation of MHB Low-Income Public Housing stock. MHB worked aggressively to maximize the benefits of continued shrinking modernization funds to improve the housing stock, update apartments and/or purchase/build new housing stock. There was an additional \$2.1 million in operational expenditures funded with these CFP grants. The operational funds were utilized for management improvements and bond interest expense for the CFFP program, as well as supporting the loss in funding to the LIPH program.

Depreciation expense was \$7.8 million for fiscal year 2014 and a decrease of \$.2 million or 2.75% from the prior year. This was a result of fully depreciating some items in the prior fiscal year.

ECONOMIC FACTORS

Significant economic factors affecting MHB are as follows:

- Decreasing federal funding from the U.S. Department of Housing and Urban Development (“HUD”);
- Increased regulatory requirements of HUD, even in light of continued reduced HUD funding;
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore unexpectedly reduce the amount of rental income;
- Continuing aging and deterioration of MHB’s developments with corresponding reductions in CFP funding and limited and changing regulatory options (Although there is an increase in CFP revenue in the current year, this is an expenditure-driven grant. The revenue is a result of reclassifying funds and not a result of net increased funding from HUD);

Mobile Housing Board

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2014

- Changing of FEMA flood maps which placed many MHB apartments within 100-year flood zones thereby requiring increased insurance costs;
- Inflationary pressure on utility rates, supplies and other costs, etc.

MHB is aggressively working to renovate its housing stock to position the MHB's housing stock to capitalize on changing market conditions and opportunities. MHB is currently in the process of gaining clearance from HUD for demolition/disposition of certain housing developments in order to revitalize and form joint partnerships with qualified investors and private partners to provide better housing options and economic opportunities for the low to moderate income residents within the City of Mobile. Subsequent to the conclusion of FY2013, the board approved a contract with a firm that has national consulting experience in repositioning public housing apartments and communities. Mobile Housing Board is continuing its partnership with this firm and is making ongoing progress toward its redevelopment activities.

This consulting firm, in partnership with the Mobile Housing Board, has developed a comprehensive Housing Transformation Plan 2020 for the agency's entire public housing portfolio. This Transformation Plan provides an overall strategy of improving the agency's housing portfolio in future years by collaborating with various investors and developers to replace or reposition the vast majority of MHB's public housing. These partnerships would work to create new and innovative methods in developing and/or purchasing housing stock that would benefit the low to moderate income residents of the City of Mobile, improve the overall housing stock of MHB, and provide better capital investments for MHB in the long-term.

In 2013, MHB submitted a Rental Assistance Demonstration ("RAD") application for its Low Income Public Housing portfolio, under a new HUD program designed to provide public housing authorities with additional options to convert deteriorating and aging housing stock. MHB's application was not received prior to HUD reaching the 60,000 unit Congressional cap established for the RAD demonstration program. Subsequently, the cap on the number of eligible units was increased by Congress and MHB's application fell within the new cap, however the application was denied. Mobile Housing Board has reapplied under the "RAD" program and is diligently working with its local HUD field office to provide additional information requested in order to participate in this valuable program. If this occurs, it is expected that the Transformation Plan detailed above will circumscribe the repositioning efforts utilizing the RAD platform in addition to other traditional redevelopment platforms.

MHB continues the transformation of its housing stock by focusing its efforts on two "tracks". We continue to provide decent, safe and sanitary housing to our existing residents, while attempting to seek the opportunities afforded authorities through the Section 18 demolition/disposition program. This represents "Track #1". In addition, MHB is seeking to gain entrance into the RAD program so that it will have more resources to redevelop its largely obsolete housing resources. This represents "Track #2)". We have received approval for disposition of one development and are in the process of obtaining an updated appraisal to follow through with the disposition of this property. We are in the process of seeking HUD approval for demolition/disposition of additional aged and obsolete properties. Thus, while devoting efforts utilizing established public housing regulations, MHB is also preparing for the "RAD" program. RAD has its own unique set of regulations and provides opportunities to the agency that are not available under the public housing program. Progressing down two "tracks" such as this requires much energy, resources and attention, but is the direction that is mandated by unforeseen regulatory decisions.

Mobile Housing Board

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended December 31, 2014

MHB's hopes that its efforts to transform its housing stock will garner national attention. MHB applied for two (2) Choice Neighborhood Initiative ("CNI") Planning grants to aid in planning efforts and community capacity building. This year, there were seven of these grants awarded in the nation and MHB received two of these grants. .

In addition, MHB has begun the transition of using quality housing in sustainable neighborhoods as a tool in concert with its newly developed W.E.A.L.T.H. Program and enhanced focus on its FSS Programs to assist families in gaining economic and lifestyle independence.

MHB is working on improving the most important asset the agency has, its employees. MHB has invested in training programs and exposure of its employees to national conferences, interactions with HUD staff and greater involvement in the business community. This expanded engagement will have the effect of improving the ability of MHB to meet the goals and objectives set forth by those in charge of governance as well as its customers. This has been an ongoing process of training, education, involvement and policy and procedure review and update and this will continue to be the focus of MHB management.

Overall, the Mobile Housing Board had a productive, but challenging, year financially. Its management is committed to staying abreast of regulations and appropriations as well as maintaining an ongoing analysis of all budgets and expenses to ensure that the Authority continues to operate at the highest standards for housing of the age, nature, and stock currently within MHB's inventory. MHB will consistently look to leverage its resources to offer better housing choices to low wealth individuals and families.

FINANCIAL CONTACT

This financial report is designed to provide MHB's residents, the citizens of Mobile, Alabama, all applicable federal and state regulatory bodies, and any creditors with a general overview of the MHB's finances. If there are any questions regarding this report, please contact Lori L. Shackelford, Chief Financial Officer, at (251) 434-2327. In addition, specific requests may be submitted to Lori L. Shackelford, Chief Financial Officer, Mobile Housing Board, 151 South Claiborne Street, Mobile, Alabama 36602 and via email at lshackelford@mobilehousing.org.

MOBILE HOUSING BOARD
Mobile, Alabama

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

MOBILE HOUSING BOARD

Mobile, Alabama

STATEMENT OF NET POSITIONDecember 31, 2014

ASSETS

	Primary Government	Component Units
<u>Current Assets</u>		
Cash and cash equivalents - unrestricted	\$ 3,996,830	\$ 389,356
Cash and cash equivalents - restricted	3,851,327	2,004,447
Accounts receivable	346,949	15,308
Notes receivable - current portion	83,497	-
Prepaid expenses	792,938	67,910
Inventories	498,704	-
Assets held for sale	193,721	-
Total Current Assets	9,763,966	2,477,021
<u>Noncurrent Assets</u>		
Notes receivable	11,204,167	-
Other assets	-	667,235
Total Other Noncurrent Assets	11,204,167	667,235
Capital Assets:		
Land	5,170,046	-
Buildings & improvements	222,438,417	27,399,133
Furniture & equipment	3,651,786	982,276
Construction in progress	3,450,186	-
	234,710,435	28,381,409
Less: Accumulated depreciation	(146,776,459)	(4,461,540)
Total Capital Assets	87,933,976	23,919,869
TOTAL NONCURRENT ASSETS	99,138,143	24,587,104
TOTAL ASSETS	\$ 108,902,109	\$ 27,064,125

The accompanying notes are an integral part of the financial statements.

LIABILITIES & NET POSITION

	<u>Primary Government</u>	<u>Component Units</u>
<u>Current Liabilities</u>		
Accounts payable	\$ 199,132	\$ 74,826
Accrued liabilities	545,659	3,719
Unearned revenue	216,708	397,135
Long-term liabilities - current portion	64,208	-
Tenant security deposits/escrow deposits	488,864	65,018
	<u>1,514,571</u>	<u>540,698</u>
<u>Noncurrent Liabilities</u>		
Mortgage & notes payable	11,549,958	12,259,154
Loan liability - non current	427,745	-
Accrued compensated absences	638,182	21,581
Noncurrent liabilities - other	455,186	30,056
	<u>13,071,071</u>	<u>12,310,791</u>
TOTAL LIABILITIES	<u>14,585,642</u>	<u>12,851,489</u>
<u>NET POSITION</u>		
Net investment in capital assets	76,319,810	11,660,715
Restricted	13,495,414	1,910,089
Unrestricted	4,501,243	641,832
	<u>94,316,467</u>	<u>14,212,636</u>
TOTAL LIABILITIES & NET POSITION	<u>\$ 108,902,109</u>	<u>\$ 27,064,125</u>

MOBILE HOUSING BOARD

Mobile, Alabama

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2014

	Primary Government	Component Units
<u>Operating Revenue</u>		
Dwelling rent	\$ 4,859,161	\$ 801,789
Governmental grants & subsidy	37,897,771	-
Other income	3,408,961	23,427
Total Operating Revenue	46,165,893	825,216
<u>Operating Expenses</u>		
Administration	6,295,739	218,602
Tenant services	2,008,294	25,061
Utilities	3,683,501	92,563
Maintenance & operations	5,432,030	285,988
Protective services	415,641	57,289
General expense	2,696,995	327,209
Housing assistance payments	24,624,570	-
Depreciation & amortization	8,090,211	1,014,431
Total Operating Expense	53,246,981	2,021,143
Net Operating Income/(Loss)	(7,081,088)	(1,195,927)
<u>Nonoperating Revenues/(Expenses)</u>		
Forgiveness of tax credit exchange loan	-	78,430
Gain/(loss) on disposition of property	-	-
Investment income	131,504	3,353
Interest expense	(590,610)	(124,126)
Net Nonoperating Revenues/(Expenses)	(459,106)	(42,343)
Net Income/(Loss) before capital contributions	(7,540,194)	(1,238,270)
Capital contributions	-	-
HUD capital grants	3,939,421	-
Increase/(Decrease) in Net Position	(3,600,773)	(1,238,270)
Total Net Position - beginning	97,917,240	15,450,906
Total Net Position - ending	\$ 94,316,467	\$ 14,212,636

The accompanying notes are an integral part of the financial statements.

MOBILE HOUSING BOARD

Mobile, Alabama

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Primary Government</u>	<u>Component Units</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from customers and users	\$ 8,049,870	\$ 1,184,221
Governmental grants & subsidy - operations	37,897,771	-
Payments to suppliers	(12,303,937)	(803,989)
Payments for housing assistance	(24,624,570)	-
Payments to employees	(8,410,014)	(103,951)
	<u>609,120</u>	<u>276,281</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Issuance of notes receivable	(95,920)	-
Interest received	131,504	3,353
	<u>35,584</u>	<u>3,353</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Grant revenue - capital grants	2,031,505	-
Acquisition of capital assets - capital grants	(2,031,505)	-
Acquisition of capital assets - operations	(6,362)	-
Grant revenue - CFFP	1,907,921	-
Payment of Interest	(590,610)	(124,126)
Establishment of new CFFP note payable (including boot paid)	12,951,610	-
Repayment of notes payable/noncurrent liabilities	(16,522,444)	(237,966)
	<u>(2,259,885)</u>	<u>(362,092)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(1,615,181)	(82,458)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>9,463,338</u>	<u>2,476,261</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 7,848,157</u>	<u>\$ 2,393,803</u>

The accompanying notes are an integral part of the financial statements.

MOBILE HOUSING BOARD

Mobile, Alabama

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Primary Government</u>	<u>Component Units</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net Income/(Loss) from operations	\$ (7,081,088)	\$ (1,195,927)
Adjustments to reconcile net loss to		
net cash provided by operating activities:		
Depreciation & amortization	8,090,211	1,014,431
Decrease (Increase) in accounts receivable	29,379	(157)
Decrease (Increase) in prepaid expenses	169,519	10,585
Decrease (Increase) in inventory	(42,283)	-
Decrease (Increase) in assets held for sale	-	-
Increase (Decrease) in accounts payable	(129,507)	62,887
Increase (Decrease) in accrued liabilities	(179,480)	25,300
Increase (Decrease) in unearned revenue	136,476	351,352
Increase (Decrease) in security/trust deposits	(384,107)	7,810
	<u>609,120</u>	<u>276,281</u>
NET CASH PROVIDED/(USED) FROM OPERATING ACTIVITIES	\$ <u>609,120</u>	\$ <u>276,281</u>

The accompanying notes are an integral part of the financial statements.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY:

1. Introduction:

The financial statements of the Mobile Housing Board ("the Authority") have been prepared in conformity with generally accepted accounting principles (GAAP). Effective for fiscal year 2013, the Authority has adopted the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate the GASB's authoritative literature and certain FASB and American Institute of Certified Public Accountants' ("AICPA") accounting and financial reporting guidance issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.

GASB Statement No. 62 also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, thereby eliminating the election provided in that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement.

The more significant of the government's accounting policies are described below:

2. Organization:

The Housing Board is a public body politic organized under the laws of the State of Alabama by the City of Mobile for the purpose of providing adequate housing for qualified low-income individuals. To accomplish this purpose, the mayor of the City appoints a Governing Board, but the Board designates its own management. Additionally, the Housing Board has entered into annual contribution contracts with the U.S. Department of Housing and Urban Development ("HUD") to be the administrator of the housing and housing related programs described herein.

3. Reporting Entity:

The reporting entity consists of the primary organization, blended component units, and discrete component units. The component units are legally separate organizations for which the legally appointed officials of the primary government are financially accountable. Financial accountability is defined as appointment of voting majority of the component units' board, and either (a) the ability to impose will by the primary organization, or (b) the possibility that the component unit will provide a financial benefit to, or impose a financial burden on the primary organization.

Component units are reported as part of the reporting entity under either the blended or discrete method of presentation. Blended involves merging the component unit data with the primary organization. The discrete method presents the financial statements of the component unit outside of the basic financial statement totals of the primary organization. There are two situations where blending is allowed: (1) when the board of the component unit is substantially the same as that of the primary organization, and (2) when the component unit served the primary organization exclusively, or almost exclusively.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

3. Reporting Entity: (Cont'd)

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards* and Statement No. 14 and No. 61 of the *Government Accounting Standards Board, the Financial Reporting Entity*.

- the organization is legally separate (can sue and be sued in their own name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is fiscal dependency by the organization on the Authority

Based upon the above criteria all the operations of the Authority are included in these financial statements and there are no operations or component units, which have been excluded in this report. Also, these financial statements are not to be included in the City's financial statements as a component unit.

The operations of the Authority are comprised primarily of the following:

Low Income Public Housing – Funding for the projects was acquired through advances from HUD. The objective of the program is to provide decent, safe, and sanitary housing and related facilities for eligible low-income families and the elderly.

Capital Fund Program – The objective of these programs is to improve the physical condition of the Low-Income Public Housing units and upgrade the management of the program.

Resident Opportunities & Supportive Services Grant - The objective of this program is to provide counseling and other services to residents.

Section 8 Housing Choice Voucher Program – The objective of this program is to provide housing opportunities for eligible low-income families through housing assistance payments to private sector landlords. This is a housing program wherein low income clients lease housing units directly from private sector landlords rather than through MHB. MHB processes all Section 8 Housing Choice Voucher programs, approves applicants for housing, and contracts with the private landlords to make assistance payments for the difference between the approved contract rent and the actual rent paid by the low income clients. The approved contract rent and the client rent are both calculated using HUD regulations and guidelines. HUD funds MHB for the rental supplements and the administrative costs of managing the program based on funding levels available from HUD, not on actual costs.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

3. Reporting Entity: (Cont'd)

HOME Counseling Program – The objective of this program is to provide counseling and advice to tenants and homeowners on property maintenance, financial management, and other matters appropriate to assist tenants and homeowners in improving their housing conditions and meeting the responsibilities of tenancy and homeownership.

Supportive Housing for People with Disabilities – The objective of this program is to provide housing for eligible low-income disabled elderly or disabled non-elderly families through housing assistance payments to landlords. This program is managed through the Section 8 voucher Program. The Housing Board processes all Section 8 Programs, approves applicants for housing and contracts with the private landlords to make assistance payments for the difference between the approved contract rent and the actual rent paid by the low income tenants. HUD funds the Housing Board for the rental supplements and the administrative costs of managing the program based on funding levels available from HUD, not on actual cost.

Child Care Food Program – The objective of this program is to provide nutritious meals and snacks each day to children served by the Day Care as part of their day care.

Other Business Activities – MHB operates multiple business activity programs that have an affordable housing or “hope through housing” thrust, including:

1. Trinity Gardens – This is a small self-contained 16-unit senior affordable housing community that once received supportive funding from a third party. That funding source has been eliminated; therefore, MHB is seeking other avenues to support this development in order to maintain its current level of affordability, so that residents may continue to pay 30% of the family’s income toward rent.
2. Affordable Housing/Real Estate Fund – This fund holds mortgage and maintenance reserves derived from the sale of affordable homes. Unrestricted reserves from this fund are available for activities to support other affordable housing purposes. Such activities might include acquisition of sites for replacement housing in support of MHB’s public housing repositioning, and other affordable housing ventures.
3. Contributed Funds – Local grants/donations are received by MHB from various organizations/ persons. These funds are for varying purposes, including resident service activities, enrichment activities for youth, and a summer youth work program known as SWEET-P.
4. Mixed Finance Business Activity Fund – As co-developer in mixed finance activities, MHB receives payment for the services that it provides to the various partnerships. This fund is established to ensure that revenues from these activities are carefully segregated and expended for appropriate activities.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

3. Reporting Entity: (Cont'd)

Blended Component Units – The following entities are considered blended component units and listed in the component unit section of the FDS:

- a) *Mobile Development Enterprises* ("MDE") is a corporation formed in Alabama and qualified as a not for profit Corporation under Section 115 of the Internal Revenue Code of 1986, and is exempt from Federal Income Taxes. The Corporation is organized and operated exclusively as a subsidiary of the Mobile Housing Board. MDE was formed for the purpose of operating a community development center for the benefit of Mobile County's low and moderate income residents. The Corporation has several board members in common with the Board of Commissioners of MHB. A copy of the financial statements of Mobile Development Enterprises for the year ended December 31, 2014 is available upon written request to the Mobile Housing Board at 151 South Claiborne Street, Mobile, Alabama 36602 attn: CFO Lori Shackelford.
- b) *Housing Supportive Services Group* ("HSSG") is a corporation formed in Alabama and qualified as a not for profit Corporation under Section 115 of the Internal Revenue Code of 1986, and is exempt from Federal Income Taxes. The Corporation is organized and operated exclusively as a subsidiary of the Mobile Housing Board. The entity was developed to manage and operate the Central Plaza Towers assisted living facility which is a HOPE VI project. Subsequent to the end of the fiscal year, this facility announced it will be closing and has given a closing date of August 15, 2015.
- c) The Housing Board is the general partner in two real estate operating limited partnerships as of December 31, 2014. The limited partnership interests of the partnerships are held by a third party unrelated to the Housing Board. As the general partner, the Housing Board has certain rights and responsibilities which enable it to impose limited will on the operating limited partnerships, subject to limited partner approval. Additionally, the Housing Board is legally obligated to fund operating deficits in accordance with the terms of the partnership agreements. The Housing Board also has outstanding loans and advances to the operating limited partnerships amounting to approximately \$9.75 million at December 31, 2014. The operating limited partnerships do not service the primary government exclusively, nor does the Housing Board control the operating limited partnerships exclusively and, therefore, are shown as discretely presented component units as described below.

Discrete Component Units

Downtown Renaissance Partnership I, LP was formed as a limited partnership under the laws of the State of Alabama on March 27, 2008. The purpose of the Partnership is to develop, construct and operate an affordable housing project consisting of 88 rental units for seniors. Each building of the project has qualified for and been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42, which regulates the use of the project as to occupant eligibility and unit gross rent, among other requirements. Each building of the project must meet the provisions of these regulations during each of 15 consecutive years through 2023 in order to continue to qualify to receive the tax credits.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

3. Reporting Entity: (Cont'd)

Downtown Renaissance Partnership II, LP was formed as a limited partnership under the laws of the State of Alabama on February 29, 2008. The purpose of the Partnership is to develop, construct and operate an affordable housing project consisting of 87 rental units located in Mobile, Alabama. Operations began during 2011. Each building of the project has qualified for and was allocated low-income housing tax credits pursuant to Section 42, which regulates the use of the project as to occupant eligibility and unit gross rent, among other requirements. Each building of the project must meet the provisions of these regulations during each of 15 consecutive years subsequent to the date of placed-in-service in order to continue to qualify to receive the tax credits.

4. Basis of Presentation, Basis of Accounting and Measurement Focus:

Basis of Accounting – The Housing Board uses the accrual basis of accounting in all its funds. Under this method, revenues are recorded when earned, and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place.

Basis of Presentation – The financial statements of the Housing Board are presented from a fund perspective. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Housing Board functions. The fund is a separate accounting entity with a self-balancing set of accounts. The accounting and financial reporting method applied by a fund is determined by the fund's measurement focus. The accounting objectives are determination of net income, financial position, and cash flows. All assets and liabilities associated with the financial activities are included on the Statement of Net Position. Proprietary fund equity is segregated into three broad components: Net investment in capital assets, Restricted, and Unrestricted. The Housing Board uses the following fund:

Enterprise fund – This type of fund is reported using an economic resources measurement focus. Additionally, it is used to account for operations that are financed and operated in a manner similar to private businesses where a fee is charged to external users for services provided.

5. Revenues and Expenses:

MHB distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with MHB's principal ongoing operations. The principal operating revenues of MHB are charges to tenants for rent and various grants and subsidies. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Subsidies received from HUD or other grantor agencies for operating purposes, are recorded as operating revenue in the operating statement while capital grant funds are added to the net position below the non-operating revenue and expense.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

6. Encumbrances:

Encumbrances represent commitments related to unperformed contracts for goods and services. The Housing Board does not utilize encumbrance accounting.

7. Budgets:

The Housing Board adopts budgets on the basis of accounting consistent with the basis of accounting for the fund to which the budget applies. The Housing Board prepares annual operating budgets which are formally adopted by its Board of Commissioners. The budgets for programs funded by HUD form the basis of the Federal Financial Assistance received through HUD.

8. Inventories:

Inventories are recorded at cost using the first in, first out (FIFO) method. If inventory falls below cost due to damage, deterioration or obsolescence, MHB establishes an allowance for obsolete inventory. In accordance with the consumption method, inventory is expensed when items are actually placed in service.

9. Capital Assets and Depreciation:

Capital assets are stated at historical cost. Donated capital assets are stated at their fair value on the date of donation. This includes site acquisition and improvements, structures and equipment. Depreciation of exhaustible capital assets used by the proprietary funds is charged as an expense against operations and accumulated depreciation is normally reported on the proprietary fund's Statement of Net Position. If the initial cost of the equipment or other personal property is \$1,000 or more and the estimated useful life of the item is one year or more, it shall be capitalized and depreciated over its useful life.

The estimated useful lives for each major class of depreciable capital assets are as follows:

Buildings and improvements	15-40 years
Furniture, fixtures and equipment	3-10 years

10. Collection Losses:

Collection losses on accounts receivable are expensed, in the appropriate Fund, using the specific write-off method.

11. Insurance:

The primary technique used for risk financing is the purchase of insurance policies from commercial insurers that include a large deductible amount. The use of a large deductible clause reduces the cost of insurance, but, should losses occur, the portion of the uninsured loss is not expected to be significant with respect to the financial position of the Housing Board. The Housing Board secures required insurance coverage through the competitive bid process. As of the date of the fieldwork, the Housing Board had required coverage in effect.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

12. Cash and Investments:

1. The Housing Board's cash and cash equivalents are considered to cash on hand, demand deposits, and short-term investments with an original maturity of three months or less when purchased.
2. The Housing Board's investments are stated at fair value, except for U.S. Treasury Bills, which are reported at amortized cost. The Housing Board reports all money market investments having a remaining maturity at time of purchase of one year or less at amortized cost. Investment securities are normally held to maturity at par value and adjustments are made to the investment portfolio to reflect increases/ (decreases) in gains made.

13. Compensated Absences:

Compensated absences are absences for which employees will be paid, i.e., sick leave, vacation, and other approved leaves. In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the Housing Board accrues the liability for those absences that the employee has earned the rights to the benefits. Accrued amounts are based on the current salary rates.

Full-time, permanent employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Authority. Vacation and sick pay are recorded as an expense and related liability in the year earned by employees.

14. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

15. Inter-program Receivables and Payables:

Inter-program receivables/payables are all either current assets or current liabilities, and are the result of the use of the Revolving Fund as the common paymaster for costs of the Housing Board. Cash settlements are made periodically and all inter-program balances net to zero. These inter-program receivables and payables have been eliminated in preparation of the basic financial statements. The detail by program can be found in the Financial Data Schedule of Net Position.

16. Allowance for Doubtful Accounts:

Tenant receivables are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of tenant accounts receivable. It is reasonably possible that management's estimate of the allowance will change over time.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

17. Prepaid Expenses:

Prepaid expenses represent payments made to vendors for goods or services that will benefit periods beyond the current year end.

18. Assets Held for Resale:

During 2008, the Housing Board began construction on nine affordable housing, single family homes with the use of HOPE VI funds for the purpose of resale to qualified buyers. Six of the nine homes were built utilizing the HOPE VI funds and were sold during 2010. The remaining three homes were constructed using funds from the Central Office Cost Center ("COCC") and were completed in 2009. One of the homes was sold during 2011 and one was sold during 2013. The cost of the remaining home held for sale as of December 31, 2014 was \$193,721.

Under the full accrual method of accounting, real estate developments are carried at cost. Project costs clearly associated with pre-acquisition, and development construction costs are capitalized at cost. Construction costs are allocated based on square footage. Costs of amenities are allocated among the units.

19. Intangible Assets:

Bond financing costs on the capital program revenue bonds are amortized over the life of the issue using the straight-line method. Accounting principles generally accepted in the United States of America require that the effective yield method be used to amortize financing costs, however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method. During fiscal year 2014 all CFFP bond financing costs of MHB were expensed, due to the retirement of the associated bond debt which was refinanced into a long-term loan payable. Amortization expense for the fiscal year totaled \$269,151.

20. Capitalized Interest:

Interest expense on notes and bonds, net of interest income on related debt proceeds is capitalized during the project development period through the date of full availability. Only the interest associated specifically with debt used to construct physical structures is capitalized.

21. Restricted Net Position:

Certain assets may be classified as restricted on the statement of net position as their use is restricted by contracts or agreements with outside third parties and lending institutions. Restricted Net Position also includes funds for tenant security deposits restricted for application to unpaid tenant accounts or for refund to tenants.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

22. Grants and Contributions:

The Housing Board receives various grants and subsidies from HUD. Grants and subsidies received for public housing operating subsidy and public housing maintenance are recorded as operating revenue. Grants received for property and equipment acquisitions are recorded as capital contributions.

23. Unearned Revenue:

Unearned revenue is recorded when the Housing Board receives funds in advance of when it has a complete legal claim to them, as when grant monies are received prior to meeting all eligibility requirements and/or the occurrence of qualifying expenditures. In this case, unearned revenue is recorded at a liability on the Statement of Net Position. Later, in subsequent periods, when both the revenue recognition criteria are met and/or when MHB has complete legal claim to the resources, the liability for unearned revenue is removed from the Statement of Net Position, and revenue is then recognized.

24. Payment in Lieu of Taxes:

Pursuant to an agreement with the City of Mobile, MHB makes payments in lieu of taxes (PILOT). PILOT may also be provided to other tax districts in which property is owned. Upon mutual understanding with the City of Mobile, accrued PILOT for 2014 is expected to be paid during September 2015.

25. Income Taxes:

Income received or generated by MHB is not subject to Federal Income Tax, pursuant to Section 115 of the Internal Revenue Code. In addition, MHB is exempt from state and local property taxes. Interest paid on obligations issued by the Housing Board is excludable from the gross income of the recipients, pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended. Contributions to MHB are tax deductible contributions, pursuant to Sections 170(b)(1)(A)(v) and 170(c)(1) of the Internal Revenue Code of 1986, as amended.

26. New Pronouncements:

During FY 2014, the Authority implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. As of December 31, 2014, the Authority had no items to be reclassified or adjustments made to the financial statements as a result of this pronouncement.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

NOTE A - SUMMARY OF ORGANIZATION, SIGNIFICANT ACCOUNTING POLICIES AND REPORTING ENTITY: (Cont'd)

27. The terms of the Board are as follows:

Clarence M. Ball, Jr. – Chairperson	Term Ends: 08/2015
Donald L. Langham – Vice-Chairperson	Term Ends: 08/2018
Rev. Melvin Clark	Term Ends: 08/2017
Norman Hill	Term Ends: 08/2016
Joyce Freeman	Term Ends: 08/2019

In addition to the above Commissioners, the Executive Director of the Housing Board is Dwayne C. Vaughn, who serves on the Board as Secretary.

NOTE B - CASH AND CASH EQUIVALENTS:

All the deposits of the Housing Board are either insured or collateralized by using the Dedicated Method whereby all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Housing Board's agents in these units' names. The Housing Board has no policy regarding custodial credit risk for deposits.

At December 31, 2014, the Housing Board's deposits had a carrying amount of \$7,847,007 and bank balances of \$8,567,600. Of the bank balances held in various financial institutions, \$1,053,276 was covered by federal depository insurance and the remainder was covered by collateral held under the dedicated method. The Agency had petty cash totaling \$1,150.

Cash and cash equivalents of the primary government and discrete component units are presented in the basic financial statements as of December 31, 2014 as follows:

	<u>Primary Government</u>	<u>Component Units</u>
	Cash and	Cash and
	<u>Cash Equivalents</u>	<u>Cash Equivalents</u>
Unrestricted	\$ 3,996,830	\$ 389,356
Restricted	<u>3,851,327</u>	<u>2,004,447</u>
Total	<u>\$ 7,848,157</u>	<u>\$ 2,393,803</u>

Interest rate risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the Housing Board typically limits its investment portfolio to maturities of 12 months or less. The Housing Board has no specific policy regarding interest rate risk.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

NOTE B - CASH AND CASH EQUIVALENTS: (Cont'd)

Credit risk – The Housing Board has no policy regarding credit risk. The Housing Board had no assets that were considered to be investments under GAAP but does limit cash and cash equivalents to savings accounts and Certificates of Deposit that are less than 3 months and are 100% collateralized.

Custodial credit risk – For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Housing Board will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments in repurchase agreements are collateralized by the securities held by the counterparty, or by its trust department. The Housing Board has no policy on custodial credit risk.

Concentration of credit risk – The Housing Board places no limit on the amount that the Housing Board may invest in any one issuer. The Housing Board has no policy regarding credit risk.

Cash and cash equivalents at December 31, 2014, were as follows:

Interest checking accounts	\$ 5,511,328
Money Market/Savings accounts	1,235,679
Short-term certificates of deposit	1,100,000
Petty cash/change fund	<u>1,150</u>
	<u>\$ 7,848,157</u>

Restricted cash and cash equivalents at December 31, 2014, were as follows:

Security deposit funds	\$ 488,864
Section 8 NRA	248,122
FSS escrow funds	288,175
Modernization	2,637,199
AMP 23 Cash	6,112
Restricted for other current liabilities	16,636
Restricted for other non-current liabilities	<u>166,219</u>
	<u>\$ 3,851,327</u>

Restricted Net Position at December 31, 2014, was as follows:

Low Rent Public Housing – restricted for modernization	\$ 2,637,199
Low Rent Public Housing – restricted for second mortgages	1,282,325
Low Rent Public Housing – restricted for Amp 23 equity	6,112
Business Activities – notes receivable	9,321,656
Section 8 NRA	<u>248,122</u>
	<u>\$ 13,495,414</u>

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

NOTE B - CASH AND CASH EQUIVALENTS: (Cont'd)

Collateralization:

As of December 31, 2014, the following securities were pledged as collateral to secure the deposits of the Housing Board:

<u>Security</u>	<u>Cusip</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Market Value</u>
BBVA Compass Bank				
FNMA	31398GLY3	01/25/2025	5.500%	\$ 368,049
FNMA	31371MF93	09/01/2025	5.000%	15,070
FHLMC	31349SC92	10/01/2033	2.245%	32,132
FNMA	31403CZ79	12/01/2035	5.201%	6,798
HFLMC	3128S5JZ8	01/01/2037	5.827%	21,377
FNMA	3138EG5Y6	03/01/2037	5.734%	3,871
FNR	31396XKU7	08/25/2037	0.520%	24,606
FHLMC	3128S5LM4	09/01/2038	5.398%	43,292
FNMA	3138E06L8	12/01/2041	2.819%	247,370
FHLMC	31300L3E3	10/01/2042	2.527%	852,429
FHLMC	31300L3E3	10/01/2042	2.527%	2,462,572
FHLMC	31300L3E3	10/01/2042	2.527%	2,841,429
FHLMC	31300L3E3	10/01/2042	2.527%	205,214
FHLMC	31300L6L4	01/01/2043	2.316%	365,932
FHLMC	31300L5S0	01/01/2043	2.320%	1,665,809
FNMA	3138MHVE0	03/01/2043	2.302%	1,831,708
				<u>10,987,658</u>
Commonwealth Bank				
HI ST EQ	4197914P0	08/01/2021	2.648%	516,455
FFCB	3133EEDU1	12/02/2019	1.970%	400,564
GNMA	36225CVG8	07/20/2032	varies	10,576
				<u>927,595</u>
Deutsche Bank				
Cash				827,986
				<u>827,986</u>
				<u>\$ 12,743,239</u>

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

NOTE C - ACCOUNTS RECEIVABLE:

Accounts receivable, including all applicable allowances for uncollectible accounts at December 31, 2014, consisted of the following:

	Primary Government
Tenants (net of allowance of \$1,630)	\$ 29,978
A/R - HUD	43,457
Notes Receivable	83,497
Other government agencies	5,426
A/R - miscellaneous (net of allowance of \$6,395)	184,744
Fraud (net of allowance of \$340,670)	83,344
	<u>\$ 430,446</u>

Note: The above receivable balance excludes \$1,082,229 of interfund receivables that have been eliminated as a result of financial statement consolidation.

Accounts receivable – HUD on the accompanying Statement of Net Position consisted of the following as of December 31, 2014:

	Primary Government
Supportive Housing for Persons with Disabilities	\$ 5,400
Resident Opportunity & Supportive Services	1,907
Capital Funds	36,150
	<u>\$ 43,457</u>

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

NOTE D - NOTES RECEIVABLE:

Changes in notes receivables during the year ending December 31, 2014 were as follows:

	December 31, 2013	Additions	Receipts	December 31, 2014
Downtown Renaissance Partnership II, LP	\$ 5,432,328	\$ -	\$ -	\$ 5,432,328
Downtown Renaissance Partnership II, LP	662,045	-	-	662,045
Downtown Renaissance Partnership I, LP	2,548,026	-	-	2,548,026
Downtown Renaissance Partnership I, LP	427,745	-	-	427,745
Downtown Renaissance Partnership I, LP interest	555,112	124,145	-	679,257
Component Units	8,049	-	-	8,049
Mortgage receivable - soft second	1,282,325	-	-	1,282,325
Public Housing repayment agreements	-	83,497	-	83,497
Central Office Cost Center - Other	158,317	6,075	-	164,392
	<u>11,073,947</u>	<u>213,717</u>	<u>-</u>	<u>11,287,664</u>
Total	\$ 11,073,947	\$ 213,717	\$ -	\$ 11,287,664
Less amounts due within one year	<u>(8,049)</u>			<u>(83,497)</u>
Noncurrent portion	<u>\$ 11,065,898</u>			<u>\$ 11,204,167</u>

Downtown Renaissance II, LP

The Housing Board loaned funds to Downtown Renaissance Partnership II, LP (discrete component unit) to assist in the development of Downtown Renaissance Apartments, Phase III. The Housing Board has entered into the following agreements with the Partnership as of December 31, 2014:

MHB has entered into a first mortgage loan agreement with Downtown Renaissance Partnership II, LP in the original amount of \$5,432,328 consisting of HOPE VI Grant Funds and Capital Fund Recovery Competition Funds. The loan is noninterest bearing and is due at maturity (40 years from completion of the project). The outstanding balance of the note at December 31, 2014, was \$5,432,328. See the Partnership's note payable balances at December 31, 2014 in Note K.

MHB entered into a second mortgage loan agreement with Downtown Renaissance Partnership II, LP in the original amount of \$662,045. The loan is noninterest bearing and is due at maturity (40 years from completion of the project). The outstanding balance of the note at December 31, 2014, was \$662,045. These loans are secured by an assignment of leases and rents from the project.

Downtown Renaissance I, LP

The Housing Board loaned funds to Downtown Renaissance Partnership I, LP (discrete component unit) to assist in the development of Downtown Renaissance Apartments, Phase II. MHB has entered into the following agreements with the Partnership as of December 31, 2014:

The Housing Board has agreed to lend the principal sum of \$2,548,026 to Downtown Renaissance Partnership I, LP under a HOPE VI loan. The loan shall accrue interest at the rate of 4% (weighted average applicable federal rate on the date the proceeds were advanced), compounded annually. Annual payments are to be made from available cash flow. The balance is due on June 21, 2059. The balance of the note and accrued interest at December 31, 2014, was \$2,548,026 and \$679,257, respectively. This loan is secured by an assignment of leases and rents from the project.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

NOTE D - NOTES RECEIVABLE: (Cont'd)

The Housing Board has agreed to lend the principal sum of \$440,000 to Downtown Renaissance Partnership I, LP. The loan is noninterest bearing and due at maturity on June 19, 2059. The outstanding principal balance at December 31, 2014, was \$427,745. The Housing Board does not expect this loan to be repaid by Downtown Renaissance Partnership I, LP and will ultimately be forgiven.

NOTE E - PREPAID EXPENSES & INVENTORY:

Prepaid expenses and inventory at December 31, 2014, consisted of the following:

	Primary Government
Prepaid insurance	\$ 792,938
Inventory (net of allowance of \$0)	<u>498,704</u>
	<u>\$ 1,291,642</u>

NOTE F - OTHER NONCURRENT ASSETS:

Financing Costs – Primary Government

The Housing Board received bond proceeds on September 30, 2003 from Public FA, Inc. to improve the public housing units of the Housing Board. The Housing Board had \$570,663 in related financing fees which are amortized over the life of the bonds, 20 years. These bonds were retired during year, leading to current year amortization expense of \$269,151 and the net financing costs were \$0 as of December 31, 2014.

Financing Costs – Discrete Component Units

Downtown Renaissance I, LP incurred financing fees of \$127,660 associated with the development of the project. The costs are being amortized using the straight-line method over the life of the loan, 50 years. Current year amortization was \$2,553. Net financing costs were \$113,531 as of December 31, 2014.

Downtown Renaissance I, LP incurred tax credit fees totaling \$228,240 related to obtaining low-income housing tax credits. These fees are being amortized over the mandatory 15-year compliance period. Current year amortization was \$15,216. Net tax credit fees were \$144,031 as of December 31, 2014.

Downtown Renaissance II, LP incurred financing fees of \$155,577 associated with the development of the project. The costs are being amortized using the straight-line method over the life of the loan, 40 years. Current year amortization was \$3,889. Net financing costs were \$141,641 as of December 31, 2014.

Downtown Renaissance II, LP incurred tax credit fees totaling \$207,633 related to obtaining low-income housing tax credits. These fees are being amortized over the mandatory 15-year compliance period. Current year amortization was \$13,842. Net tax credit fees were \$158,032 as of December 31, 2014. Additionally, \$110,000 has been capitalized as prepaid asset management fees at December 31, 2014, with current year amortization of \$10,000.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

NOTE G - CAPITAL ASSETS:

Changes in capital assets of the primary government consisted of the following as of December 31, 2014:

	Balance at 12/31/2013	Additions/ Increases	Transfers/ Retirements	Adjustments/ Decreases	Balance at 12/31/2014
Enterprise Activities					
Capital assets not being depreciated:					
Land	\$ 5,170,046	\$ -	\$ -	\$ -	\$ 5,170,046
Construction in progress	3,198,766	2,031,505	(1,780,085)	-	3,450,186
Total capital assets not being depreciated	8,368,812	2,031,505	(1,780,085)	-	8,620,232
Buildings & improvements	220,658,334	-	1,780,085	(2)	222,438,417
Furniture & equipment	3,645,424	6,362	-	-	3,651,786
Total capital assets being depreciated	224,303,758	6,362	1,780,085	(2)	226,090,203
Buildings & improvements	(135,664,855)	(7,655,428)	-	-	(143,320,283)
Furniture & equipment	(3,290,544)	(165,632)	-	-	(3,456,176)
Total accumulated depreciation	(138,955,399)	(7,821,060)	-	-	(146,776,459)
Total capital assets being depreciated	85,348,359				79,313,744
Enterprise activity capital assets, net	\$ 93,717,171				\$ 87,933,976

The following activities affected Capital Assets during the audit period:

Opening balance at January 1, 2014	\$ 93,717,171
Modernization additions - CFP	2,031,505
Modernization additions - Operations	6,362
Adjustments	(2)
Depreciation expense	(7,821,060)
Ending balance at December 31, 2014	\$ 87,933,976

Changes in capital assets of the discrete component units consisted of the following as of December 31, 2014:

	Balance at 12/31/2013	Increases	Transfers	Decreases	Balance at 12/31/2014
Capital assets not being depreciated:					
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	-	-	-	-	-
Land improvements	-	-	-	-	-
Buildings & improvements	27,399,133	-	-	-	27,399,133
Furniture & equipment	982,276	-	-	-	982,276
Total capital assets being depreciated	28,381,409	-	-	-	28,381,409
Total accumulated depreciation	(3,492,609)	(968,931)	-	-	(4,461,540)
Total capital assets being depreciated	24,888,800				23,919,869
Capital assets, net	\$ 24,888,800				\$ 23,919,869

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

NOTE G - CAPITAL ASSETS: (Cont'd)

Construction in Progress

Capital improvements made on the Housing Board's Low Rent Public Housing projects are financed primarily by Capital Fund Financing Program (see Note K) and grant funds provided by HUD under the Capital Fund Program (CFP). Funds provided through these programs are used to rehabilitate and extend the useful life of the housing projects. Development activities for replacement of the Housing Board's Low Rent Housing units which are lost through demolition or redevelopment are generally financed by grants provided by HUD under the Replacement Housing Factor Grants and the HOPE VI Revitalization Grant Program (HOPE VI). MHB's construction in progress consists of the costs for modernization or development of Low Rent Public Housing units.

NOTE H - ACCOUNTS PAYABLE:

Accounts payable at December 31, 2014, consisted of the following:

	Primary Government	Component Units
Vendors and contractors payable	\$ 156,453	\$ 7,692
Accounts payable - HUD	2,205	-
PILOT	40,474	67,134
Tenant security deposits	488,864	65,018
	<u>\$ 687,996</u>	<u>\$ 139,844</u>

Note: The above payables balance excludes \$1,082,229 of interfund receivables that have been eliminated as a result of financial statement consolidation.

NOTE I - ACCRUED LIABILITIES & OTHER CURRENT LIABILITIES:

Other current liabilities consisted of the following as of December 31, 2014:

	Primary Government	Component Units
Accrued wages & fringes	\$ 309,516	\$ 2,356
Accrued compensated absences - current portion	40,102	1,363
Noncurrent debt - current portion	64,208	-
Unearned revenue	216,708	397,135
Accrued liabilities - other	196,041	-
	<u>\$ 826,575</u>	<u>\$ 400,854</u>

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

NOTE J - NONCURRENT LIABILITIES:

Noncurrent liabilities – other consisted of the following as of December 31, 2014:

	Primary Government	Component Units
FSS Escrow Liability	\$ 288,179	\$ -
Other noncurrent liability	792	30,056
Bank reserve - mortgage deficiency	166,215	-
Accrued compensated absences - noncurrent	<u>638,182</u>	<u>21,581</u>
	<u>\$ 1,093,368</u>	<u>\$ 51,637</u>

	Balance January 1, 2013	Increases	Decreases	Balance December 31, 2014	Current Portion of Balance
FSS Escrow liability	\$ 333,445	\$ 141,467	\$ (186,733)	\$ 288,179	\$ -
Compensated absences	733,161	152,231	(207,108)	678,284	40,102
Other noncurrent liability	-	792	-	792	-
MHB Replacement Reserve	289,910	-	(289,910)	-	-
Bank Reserve - mortgage deficiencies	<u>220,395</u>	<u>-</u>	<u>(54,180)</u>	<u>166,215</u>	<u>-</u>
Total noncurrent liabilities	<u>\$ 1,576,911</u>	<u>\$ 294,490</u>	<u>\$ (737,931)</u>	<u>\$ 1,133,470</u>	<u>\$ 40,102</u>

NOTE K - LONG-TERM DEBT:

A summary of changes of the primary government's long-term debt for the year ended December 31, 2014, is presented below.

	Balance 12/31/2013	Increases	Payments/ Decreases	Balance 12/31/2014	Current Portion	Non-Current Portion
CFFP debt (bond proceeds)	\$ 15,189,288	\$ -	\$ (15,189,288)	\$ -	\$ -	\$ -
CFFP debt (loan payable)	<u>-</u>	<u>12,951,610</u>	<u>(1,337,444)</u>	<u>11,614,166</u>	<u>64,208</u>	<u>11,549,958</u>
Capital debt (bond proceeds)	<u>\$ 15,189,288</u>	<u>\$ 12,951,610</u>	<u>\$ (16,526,732)</u>	<u>\$ 11,614,166</u>	<u>\$ 64,208</u>	<u>\$ 11,549,958</u>

During fiscal year 2014, the Housing Board retired the outstanding CFFP Revenue Bonds by refinancing into a long-term loan with Capital One Public Funding, LLC in order to reduce future interest obligations. The note bears interest at a fixed rate of 3.15% and matures on January 1, 2023. The original proceeds of the bonds were used to acquire, construct, equip, renovate and improve public housing developments owned and operated by MHB for rental and occupancy by qualified tenants under the applicable HUD rules and regulations. Payments of principle and interest are due on January 1 and July 1 of each respective year. The debt is designated "Capital Fund Financing Program debt" and is secured by future proceeds from the HUD Capital Fund and all payments are made by a fiscal agent. The note is secured by building and improvements on the property.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

NOTE K - LONG-TERM DEBT: (Cont'd)

Deutsche Bank Trust Company Americas is acting as the fiscal agent. The payments are made by HUD through the fiscal agent with the Housing Board recording all activity related to the servicing of the debt. Maturity of long-term debt for each of the five succeeding years and in the aggregate was as follows at December 31, 2014:

	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>
2015	\$ 64,208	\$ 182,923	\$ 247,131
2016	1,306,623	344,153	1,650,776
2017	1,348,771	302,208	1,650,979
2018	1,390,596	258,955	1,649,551
2019	1,437,110	214,301	1,651,411
2020-2023	<u>6,066,858</u>	<u>384,216</u>	<u>6,451,074</u>
	<u>\$ 11,614,166</u>	<u>\$ 1,686,756</u>	<u>\$ 13,300,922</u>

Loan Liability – At December 31, 2014 there is a loan liability with the Federal Home Loan Bank of Atlanta in the amount of \$427,745. This amount was loaned on June 10, 2008 to the Downtown Renaissance Partnership I. L.P. as indicated in Note D to these financial statements. The liability will be forgiven after the compliance period is completed but remains a liability until the conditions are totally satisfied. The Housing Authority intends to be fully compliant with this property as required by the Federal Home Loan Bank.

A summary of changes of the **discrete component units'** long-term debt for the year ended December 31, 2014 is presented below:

	<u>Balance</u> <u>12/31/2013</u>	<u>Increases/</u> <u>Reclassifications</u>	<u>Payments/</u> <u>Decreases</u>	<u>Balance</u> <u>12/31/2014</u>
Downtown Renaissance I, LP due to MHB	\$ 2,975,791	\$ 679,239	\$ -	\$ 3,655,030
Downtown Renaissance II, LP due to MHB	6,094,373	-	-	6,094,373
Downtown Renaissance II, LP tax credit exchange loan	<u>2,718,898</u>	<u>-</u>	<u>(209,147)</u>	<u>2,509,751</u>
	<u>\$ 11,789,062</u>	<u>\$ 679,239</u>	<u>\$ (209,147)</u>	<u>\$ 12,259,154</u>

Tax Credit Exchange Loan

During 2009, Downtown Renaissance II, LP applied for and received a loan in the original amount of \$3,137,190, which was funded with tax credit exchange (TCE) funds from Alabama Housing and Finance Authority (AHFA) pursuant to Section 1602 of the American Recovery and Reinvestment Act of 2009 (Section 1602). Under Section 1602, state housing agencies can exchange allocations of low-income housing tax credit (LIHTC) which have been allocated to their state under Section 42 of the Internal Revenue Code for cash at a prescribed rate of up to \$.85 for each dollar of LIHTC. In turn, the state housing agencies can use Section 1602 funds to make forgivable loans to properties that qualify for LIHTC based on terms that are contingent and are not recognized until such contingencies are resolved. As of December 31, 2014, the outstanding balance is \$2,509,751. Additionally, there is a deferred tax credit exchange obligation in the amount of \$392,148 as of December 31, 2014.

The discrete component units' remaining debt is comprised of loans from the Housing Board. See Note D for the terms of the notes.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

NOTE L - RESTRICTIONS AND DESIGNATION ON NET POSITION:

The Housing Board has cash and cash equivalents restricted by grantors and lending agencies for specified programs. These funds are temporarily restricted until used for the program purpose for the time period required by the grant or the program purpose as specified by the lender.

The designation and restrictions on Net Position was for the following purposes at December 31, 2014:

	Primary Government		Component Units		Total
Low Rent Public Housing	\$ 3,925,636	\$	-	\$	3,925,636
Replacement and Operating Reserves	-		1,910,089		1,910,089
Business Activities	9,321,656		-		9,321,656
HCV	<u>248,122</u>		<u>-</u>		<u>248,122</u>
	<u>\$ 13,495,414</u>	\$	<u>1,910,089</u>	\$	<u>15,405,503</u>

NOTE M - ASSETS HELD FOR SALE:

Assets held for sale consists of \$193,721 as of December 31, 2014. The Housing Board completed the development of nine affordable housing, single family homes as of December 31, 2009. Six of the nine homes were sold during the year ended December 31, 2010. One additional home was sold during 2011 and one home was sold during 2013; one home remains to be sold as of December 31, 2014.

NOTE N - RISK MANAGEMENT:

The Housing Board is exposed to various risks of losses related to torts; theft or, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. There were no claims in excess of commercial coverage during the previous three years. These losses include an estimate of claims that have been incurred but not reported. At December 31, 2014, there were no liabilities to be reported.

NOTE O - DEFINED BENEFIT PENSION PLAN:

The Housing Board contributes to a defined benefit plan, the Mobile Housing Board Employees' Retirement Plan ("the plan"), a single employer defined benefit pension plan. Each employee of the Mobile Housing Board becomes a participant on the first of the month coincident with or next following the date of hire. The Board contributes seven percent of each participant's monthly compensation and employees contribute five percent before tax.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

NOTE O - DEFINED BENEFIT PENSION PLAN: (Cont'd)

At January 1, 2014, the date of the most recent actuarial valuation, membership in the system was comprised of the following:

<u>Group</u>	
Retirees and beneficiaries currently	
Receiving benefits	31
Terminated Vested Participants	16
Active employees	119

The amount shown on the table below, as "Schedule of Funding Progress" is a standardized disclosure measure of the funding of the actuarial accrued liability. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the funding status of the Plan on a going-concern basis, and assess progress made in accumulating sufficient assets to pay benefits when due. This measure is independent of the funding method used to determine contributions to the System. The funding progress was determined as part of the most recent actuarial valuation which was performed as of January 1, 2014.

Significant actuarial assumptions used in determining the funding progress include: (a) a rate of return on investments of 7% (pre-retirement) or 6.5% (post-retirement) compounded annually; (b) projected annual salary increases of 4% to 7.5% per year, including inflation at 3.5% and (c) valuation of assets at insurance value.

The Schedule of Funding Progress is as follows:

<u>Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liabilities</u>	<u>Unfunded AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of covered payroll</u>
1/1/2010	\$ 18,079,000	\$ 18,672,000	\$ 593,000	96.8%	\$ 6,930,000	8.6%
1/1/2011	20,428,000	19,755,000	(673,000)	95.9%	6,915,000	-9.7%
1/1/2012	20,745,000	20,573,000	(172,000)	100.8%	6,323,000	-2.7%
1/1/2013	21,650,000	21,849,000	199,000	99.1%	5,693,000	3.5%
1/1/2014	22,262,814	21,687,638	(575,176)	102.7%	5,393,104	-10.7%

Under the Entry age Normal Cost Method, the normal cost for each active employee is the amount which is calculated to be a level percentage of pay that would be required annually from their entry age to their retirement age to fund their estimated benefits, assuming the plan had always been in effect.

The normal cost for the plan is the sum of such amounts for all employees. The past service liability as of any valuation date for each active employee or inactive employee who is eligible to receive benefits under the plan is the excess of the present value of estimated future benefits over the present value of current and future normal costs. The unfunded past service liability as of any valuation date is the excess of the past service liability over assets of the plan. At January 1, 2014, the Plan's actuarial value of the assets exceeded the past service liability. Unfunded pension obligations are amortized over future pension contributions, in accordance with GASB 27 requirements for non-accrual of unfunded obligation.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

NOTE O - DEFINED BENEFIT PENSION PLAN: (Cont'd)

Annual Pension Costs - For the year ending December 31, 2013, MHB's annual pension cost to the plan was \$603,448 and the contributions to the plan were \$645,028. Annual pension costs for 2013 and the three preceding years were as follows:

Trend Information			
Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
December 31, 2013	\$ 603,448	107%	\$ (756,791)
December 31, 2012	686,841	101%	(715,211)
December 31, 2011	749,391	104%	(710,958)
December 31, 2010	827,233	99%	(678,235)

The last valuation was January 1, 2014. Significant actuarial assumptions used to compute contribution requirements were the same as those used to compute the standardized measure of the pension benefit obligation.

The plan is administered by John Hancock. A copy of the Mobile Housing Board Employees' Retirement Plan Actuarial Valuation for the year ended December 31, 2014, may be obtained by writing to the Mobile Housing Board at 151 South Claiborne Street, Mobile, Alabama 36602.

NOTE P - IMPAIRMENT OF CAPITAL ASSETS:

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, establishes accounting and financial reporting standards for impairment of capital assets. Under the provisions of the statement, prominent events or changes in circumstances affecting capital assets are required to be evaluated to determine whether impairment of a capital asset has occurred. Impaired capital assets that will no longer be used should be reported at the lower of carrying value or fair value. Impairment of capital assets with physical damage generally should be measured using the restoration cost approach, which uses the estimated cost to restore the capital asset to identify the portion of the historical cost of the capital asset that should be written-off. No such impairment loss was incurred during the current year.

NOTE Q - ECONOMIC DEPENDENCY:

The Housing Board received approximately 88% of its revenue from HUD. If the amount of revenue received from HUD falls below critical levels, The Housing Board's operating reserves could be adversely affected. Both the Housing Board Owned Housing Program and the Section 8 Program are economically dependent on annual contributions and grants from HUD.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(Continued)

NOTE R - RELATED PARTY TRANSACTIONS:

During FY 2014, there were no related party transactions to report.

NOTE S - COMMITMENTS & CONTINGENCIES:

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. At December 31, 2014, there were no liabilities to be reported.

The entity is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refunds by the entity to federal grantors and/or program beneficiaries. There were no examinations conducted during the current year.

NOTE T - SUBSEQUENT EVENTS:

Events that occur after the statement of net position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management evaluated the activity of the MHB through June 5, 2015 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statement. However, it was announced that the Housing Supportive Services Group will be closing on August 15, 2015.

NOTE U - SUPPLEMENTARY INFORMATION:

The supplementary information has been included in order to show the financial statements of the Housing Board on the GAAP basis of accounting but in the format of the HUD Handbook 7476.3, *Audit Guide*. This is due to the fact that some supplementary information is reviewed by the field office and provides greater detail concerning the operations of the Housing Board.

MOBILE HOUSING BOARD
Mobile, Alabama

SINGLE AUDIT SECTION

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**
INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Mobile Housing Board
Mobile, Alabama

Department of Housing and Urban Development
Birmingham Field Office
Medical Forum Building
950 22nd Street North, Suite 900
Birmingham, AL 35203

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Mobile Housing Board, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Mobile Housing Board's basic financial statements, and have issued our report thereon dated June 5, 2015.

Internal Control Over Financial Reporting

Management of the Mobile Housing Board is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered the Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Mobile Housing Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rector, Reeder & Lofton, PC
Certified Public Accountants

Lawrenceville, Georgia
June 5, 2015



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB A-133
INDEPENDENT AUDITORS' REPORT**

Board of Commissioners
Mobile Housing Board
Mobile, Alabama

Department of Housing and Urban Development
Birmingham Field Office
Medical Forum Building
950 22nd Street North, Suite 900
Birmingham, AL 35203

Report on Compliance for Each Major Federal Program

We have audited the Mobile Housing Board's compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Mobile Housing Board's major federal programs for the year ended December 31, 2014. The Mobile Housing Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Mobile Housing Board's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Mobile Housing Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Mobile Housing Board's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, the Mobile Housing Board complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

The management of the Mobile Housing Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mobile Housing Board's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Rector, Reeder & Lofton, PC
Certified Public Accountants

Lawrenceville, Georgia
June 5, 2015

MOBILE HOUSING BOARD
Mobile, Alabama

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report for the period ended December 31, 2013, contained no formal audit findings.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor’s Results:

Financial Statements

Type of report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal controls over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	None reported

Type of report issued on the compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in Accordance with Circular A-133, Section .510(a)?	No
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The following are the major programs administered by the Housing Authority:

- CFDA #14.850	Low-Income Public Housing
- CFDA #14.872	Capital Fund Program
- CFDA #14.871	Housing Choice Voucher Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$1,250,000
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Did the Authority qualify as a low-risk auditee?	No
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Section II – Financial Statement Findings

Findings related to financial statements in accordance with GAGAS:

NONE REPORTED

Section III – Federal Award Findings and Questioned Costs

Findings and questioned costs for Federal Awards as defined in Section .510:

NONE REPORTED

MOBILE HOUSING BOARD
Mobile, Alabama

SUPPLEMENTAL INFORMATION

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

**Mobile Housing Board
Mobile, Alabama**

**FINANCIAL DATA SUBMISSION SUMMARY
NET POSITION ACCOUNTS
December 31, 2014**

<u>Account Description</u>	Low-Rent Public Hsg 14.850	Housing Counseling Assistance Program 14.169	Child & Adult Care Food Program 10.558	ROSS 14.870	Housing Choice Vouchers 14.871	Supportive Hsg for Persons with Disabilities 14.181	Disaster Housing Assistant Grant 97.109
ASSETS:							
CURRENT ASSETS:							
Cash:							
Cash - unrestricted	\$ 3,009,891	\$ 0	\$ 8,919	\$ 0	\$ 49,486	\$ 10,000	\$ 63,637
Cash - restricted - modernization and development	2,637,199	0	0	0	0	0	0
Cash - other restricted	71,645	0	0	0	470,768	0	0
Cash - tenant security deposits	486,114	0	0	0	0	0	0
Cash - restricted for payment of current liab.	16,636	0	0	0	0	0	0
Total Cash	6,221,485	0	8,919	0	520,254	10,000	63,637
Accounts and notes receivables:							
Accounts receivable - HUD	36,150	0	0	1,907	0	5,400	0
Accounts receivable - other government	0	0	3,284	0	2,142	0	0
Accounts receivable - miscellaneous	127,615	0	0	0	36,781	55	0
Accounts receivable - tenants rents	29,417	0	0	0	0	0	0
Allowance for doubtful accounts-tenants	(1,565)	0	0	0	0	0	0
Allowance for doubtful accounts-other	(6,395)	0	0	0	0	0	0
Notes receivable - current	83,497	0	0	0	0	0	0
Fraud recovery	90,257	0	0	0	333,757	0	0
Allowance for doubtful accounts - fraud	(6,913)	0	0	0	(333,757)	0	0
Accrued interest receivable	0	0	0	0	0	0	0
Total receivables - net	352,063	0	3,284	1,907	38,923	5,455	0
Other current assets:							
Investments - unrestricted	0	0	0	0	0	0	0
Prepaid expenses and other assets	744,571	0	0	0	5,414	0	0
Inventories	0	0	0	0	0	0	0
Allowance for obsolete inventories	0	0	0	0	0	0	0
Assets held for sale	0	0	0	0	0	0	0
Interprogram due from	0	0	0	0	0	0	0
TOTAL CURRENT ASSETS	7,318,119	0	12,203	1,907	564,591	15,455	63,637
NONCURRENT ASSETS:							
Capital Assets:							
Land	4,630,805	0	0	0	0	0	0
Buildings	216,648,730	0	0	0	0	0	0
Furniture & equipment - Dwellings	0	0	0	0	0	0	0
Furniture & equipment - Administration	2,712,993	0	0	0	78,677	0	0
Improvements	0	0	0	0	0	0	0
Work in process	3,450,186	0	0	0	0	0	0
Accumulated depreciation	(143,520,849)	0	0	0	(78,677)	0	0
Total capital assets - net	83,921,865	0	0	0	0	0	0
Notes receivable - noncurrent	1,282,325	0	0	0	0	0	0
Notes receivable - past due	0	0	0	0	0	0	0
Investment in joint ventures	0	0	0	0	0	0	0
Other Assets	0	0	0	0	0	0	0
TOTAL NONCURRENT ASSETS	85,204,190	0	0	0	0	0	0
TOTAL ASSETS	\$ 92,522,309	\$ 0	\$ 12,203	\$ 1,907	\$ 564,591	\$ 15,455	\$ 63,637

Component Units Discretely Presented	Component Units Blended	State / Local	Business Activities	Central Office Cost Center	Elimination	TOTAL
\$ 389,356	\$ 0	\$ 5,311	\$ 750,000	\$ 99,586	\$ 0	\$ 4,386,186
0	0	0	0	0	0	2,637,199
1,939,429	0	0	166,215	0	0	2,648,057
65,018	0	0	2,750	0	0	553,882
0	0	0	0	0	0	16,636
2,393,803	0	5,311	918,965	99,586	0	10,241,960
0	0	0	0	0	0	43,457
0	0	0	0	0	0	5,426
0	70,528	0	8,500	7,808	(60,148)	191,139
16,757	1,577	0	614	0	0	48,365
(1,449)	(12)	0	(53)	0	0	(3,079)
0	0	0	0	0	0	(6,395)
0	0	0	0	0	0	83,497
0	0	0	0	0	0	424,014
0	0	0	0	0	0	(340,670)
0	0	0	0	0	0	0
15,308	72,093	0	9,061	7,808	(60,148)	445,754
0	0	0	0	0	0	0
67,910	21,505	0	2,187	19,261	0	860,848
0	0	0	0	498,704	0	498,704
0	0	0	0	0	0	0
0	0	0	0	193,721	0	193,721
0	0	0	445,820	636,409	(1,082,229)	0
2,477,021	93,598	5,311	1,376,033	1,455,489	(1,142,377)	12,240,987
0	0	0	539,241	0	0	5,170,046
27,399,133	0	0	4,793,635	996,052	0	249,837,550
0	0	0	0	0	0	0
982,276	9,759	0	131,702	718,655	0	4,634,062
0	0	0	0	0	0	0
0	0	0	0	0	0	3,450,186
(4,461,540)	(5,846)	0	(1,571,429)	(1,599,658)	0	(151,237,999)
23,919,869	3,913	0	3,893,149	115,049	0	111,853,845
0	0	0	9,749,401	124,160	0	11,155,886
0	8,049	0	0	40,232	0	48,281
0	0	0	0	0	0	0
667,235	0	0	0	0	0	667,235
24,587,104	11,962	0	13,642,550	279,441	0	123,725,247
\$ 27,064,125	\$ 105,560	\$ 5,311	\$ 15,018,583	\$ 1,734,930	\$ (1,142,377)	\$ 135,966,234

**Mobile Housing Board
Mobile, Alabama**

**FINANCIAL DATA SUBMISSION SUMMARY
NET POSITION ACCOUNTS
December 31, 2014**

<u>Account Description</u>	<u>Low-Rent Public Hsg 14.850</u>	<u>Housing Counseling Assistance Program 14.169</u>	<u>Child & Adult Care Food Program 10.558</u>	<u>ROSS 14.870</u>	<u>Housing Choice Vouchers 14.871</u>	<u>Supportive Hsg for Persons with Disabilities 14.181</u>	<u>Disaster Housing Assistant Grant 97.109</u>
LIABILITIES AND NET POSITION:							
LIABILITIES:							
CURRENT LIABILITIES:							
Cash overdraft	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accounts payable < 90 days	159,511	0	0	1,811	18,651	42	0
Accrued salaries/payroll withholding	39,397	0	0	0	26,716	0	0
Accrued compensated absences	23,311	0	0	0	2,499	0	0
Accrued interest payable	0	0	0	0	0	0	0
Accounts payable - HUD PHA programs	0	0	0	0	2,205	0	0
Accounts payable - other gov.	40,474	0	0	0	0	0	0
Tenant security deposits	486,114	0	0	0	0	0	0
Unearned revenue	193,232	0	12,203	0	0	0	0
Current portion of L-T debt - capital projects	64,208	0	0	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0
Accrued liabilities - other	191,354	0	0	0	0	0	0
Interprogram (due to)	0	0	0	96	0	0	0
TOTAL CURRENT LIABILITIES	1,197,601	0	12,203	1,907	50,071	42	0
NONCURRENT LIABILITIES:							
Long-term debt, net of current - capital projects	11,549,958	0	0	0	0	0	0
Long-term debt, net of current - operating	0	0	0	0	0	0	0
Accrued comp. absences - long term	369,111	0	0	0	39,564	0	0
Noncurrent liabilities - other	66,325	0	0	0	222,646	0	0
Loan liability - non current	0	0	0	0	0	0	0
TOTAL NONCURRENT LIABILITIES	11,985,394	0	0	0	262,210	0	0
TOTAL LIABILITIES	13,182,995	0	12,203	1,907	312,281	42	0
NET POSITION:							
Net investment in capital assets	72,307,699	0	0	0	0	0	0
Restricted	3,925,636	0	0	0	248,122	0	0
Unrestricted	3,105,979	0	0	0	4,188	15,413	63,637
TOTAL NET POSITION	79,339,314	0	0	0	252,310	15,413	63,637
TOTAL LIABILITIES AND NET POSITION	\$ 92,522,309	\$ 0	\$ 12,203	\$ 1,907	\$ 564,591	\$ 15,455	\$ 63,637

Component Units Discretely Presented	Component Units Blended	State / Local	Business Activities	Central Office Cost Center	Elimination	TOTAL
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
7,692	5,638	1,916	895	28,137	(60,148)	164,145
2,356	64,018	0	126	179,259	0	311,872
1,363	4,670	0	134	9,488	0	41,465
0	0	0	0	0	0	0
0	0	0	0	0	0	2,205
67,134	0	0	0	0	0	107,608
65,018	0	0	2,750	0	0	553,882
397,135	0	3,395	7,878	0	0	613,843
0	0	0	0	0	0	64,208
0	0	0	0	0	0	0
0	0	0	0	4,687	0	196,041
0	1,082,133	0	0	0	(1,082,229)	0
540,698	1,156,459	5,311	11,783	221,571	(1,142,377)	2,055,269
12,259,154	0	0	0	0	0	23,809,112
0	0	0	0	0	0	0
21,581	77,090	0	2,116	150,301	0	659,763
30,056	0	0	166,215	0	0	485,242
0	0	0	427,745	0	0	427,745
12,310,791	77,090	0	596,076	150,301	0	25,381,862
12,851,489	1,233,549	5,311	607,859	371,872	(1,142,377)	27,437,131
11,660,715	3,913	0	3,893,149	115,049	0	87,980,525
1,910,089	0	0	9,321,656	0	0	15,405,503
641,832	(1,131,902)	0	1,195,919	1,248,009	0	5,143,075
14,212,636	(1,127,989)	0	14,410,724	1,363,058	0	108,529,103
\$ 27,064,125	\$ 105,560	\$ 5,311	\$ 15,018,583	\$ 1,734,930	\$ (1,142,377)	\$ 135,966,234

**Mobile Housing Board
Mobile, Alabama**

**FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES AND CHANGES IN NET POSITION ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>Account Description</u>	Low-Rent Public Hsg 14,850	Housing Counseling Assistance Program 14,169	Child & Adult Care Food Program 10,558	ROSS 14,870	Housing Choice Vouchers 14,871	Supportive Hsg for Persons with Disabilities 14,181	Disaster Housing Assistant Grant 97,109
REVENUES:							
Net tenant rental revenue	\$ 4,198,651	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Tenant revenue - other	451,310	0	0	0	0	0	0
Total tenant revenue	4,649,961	0	0	0	0	0	0
HUD PHA grants - operating	11,562,934	17,653	0	221,154	25,229,832	637,093	0
HUD PHA grants - capital	3,939,421	0	0	0	0	0	0
Management fee	0	0	0	0	0	0	0
Asset management fee	0	0	0	0	0	0	0
Bookkeeping fee	0	0	0	0	0	0	0
Front line service fee	0	0	0	0	0	0	0
Other fees	0	0	0	0	0	0	0
Other government grants	0	0	58,589	0	0	0	0
Investment income - unrestricted	4,959	0	18	0	1,052	7	15
Mortgage interest income	0	0	0	0	0	0	0
Fraud Recovery	0	0	0	0	64,044	0	0
Proceeds from Disposition of Assets Held for Sale	0	0	0	0	0	0	0
Cost of Sale of Assets	0	0	0	0	0	0	0
Other revenue	1,972,845	0	0	0	60,219	0	0
Gain/(loss) on disposition	0	0	0	0	0	0	0
Investment income - restricted	106	0	0	0	0	0	0
TOTAL REVENUES	\$ 22,130,226	\$ 17,653	\$ 58,607	\$ 221,154	\$ 25,355,147	\$ 637,100	\$ 15
EXPENSES:							
Administrative							
Administrative salaries	\$ 768,725	\$ 0	\$ 0	\$ 0	\$ 657,454	\$ 21,465	\$ 0
Auditing fees	20,450	0	0	0	13,387	414	0
Management fees	1,877,511	0	0	0	470,712	14,400	0
Bookkeeping fees	195,474	0	0	0	293,302	9,000	0
Advertising & marketing	300	0	0	0	0	0	0
Employee benefits - administrative	332,163	0	0	0	273,696	8,465	0
Office expense	1,001,195	0	318	15,390	273,194	5,594	0
Legal expense	86,694	0	0	0	17,279	1,616	0
Travel expense	9,105	0	0	5,867	4,056	125	0
Other operating - administrative	263,939	0	0	0	17,321	524	0
Total Administrative Expense	4,555,556	0	318	21,257	2,020,401	61,603	0
Asset management fee	321,360	0	0	0	0	0	0
Tenant services							
Tenant services - salaries	172,707	12,203	0	127,421	116,782	0	0
Relocation Costs	0	0	0	0	0	0	0
Employee benefits - tenant services	45,016	5,450	0	72,476	42,420	0	0
Other tenant services	265,520	0	48,289	0	0	0	0
Total Tenant Services	483,243	17,653	48,289	199,897	159,202	0	0
Utilities							
Water	644,319	0	0	0	0	0	0
Electricity	1,086,976	0	0	0	0	0	0
Gas	1,058,670	0	0	0	0	0	0
Sewer	804,210	0	0	0	0	0	0
Other utilities expense	39,000	0	0	0	0	0	0
Total Utilities Expense	3,633,175	0	0	0	0	0	0

Component Units Discretely Presented	Component Units Blended	State / Local	Business Activities	Central Office Cost Center	Elimination	TOTAL
\$ 739,190	\$ 193,355	\$ 0	\$ 15,845	\$ 0	\$ 0	\$ 5,147,041
62,599	0	0	0	0	0	513,909
801,789	193,355	0	15,845	0	0	5,660,950
0	0	0	0	0	0	37,668,666
0	0	0	0	0	0	3,939,421
0	0	0	0	2,372,498	(2,372,498)	0
0	0	0	0	321,360	(321,360)	0
0	0	0	0	499,126	(499,126)	0
0	0	0	0	125,545	(125,545)	0
0	0	0	0	0	0	0
0	143,011	27,505	0	0	0	229,105
3,353	47	0	322	833	0	10,606
0	0	0	0	0	0	0
0	0	0	0	0	0	64,044
0	0	0	0	0	0	0
0	0	0	0	0	0	0
101,857	2,303,910	0	1,129,430	200,249	(2,321,736)	3,446,774
0	0	0	0	0	0	0
0	0	0	124,145	0	0	124,251
\$ 906,999	\$ 2,640,323	\$ 27,505	\$ 1,269,742	\$ 3,519,611	\$ (5,640,265)	\$ 51,143,817
\$ 72,514	\$ 769,517	\$ 0	\$ 26,467	\$ 1,061,806	\$ 0	\$ 3,377,948
16,000	0	0	0	13,418	0	63,669
35,968	0	0	9,875	0	(2,372,498)	35,968
0	0	0	1,350	0	(499,126)	0
0	1,095	0	0	395	0	1,790
14,349	242,359	0	675	409,477	0	1,281,184
63,971	415,873	1,923	145,203	998,788	(1,947,882)	973,567
5,830	0	0	380	112,635	0	224,434
1,477	11,969	1,668	0	31,552	0	65,819
8,493	15,707	0	816	183,162	0	489,962
218,602	1,456,520	3,591	184,766	2,811,233	(4,819,506)	6,514,341
0	0	0	0	0	(321,360)	0
13,679	946,673	21,096	33,227	8,628	(253,442)	1,198,974
0	0	0	0	0	0	0
2,828	343,639	0	13,074	2,695	(120,412)	407,186
8,554	61,618	2,185	40,460	569	0	427,195
25,061	1,351,930	23,281	86,761	11,892	(373,854)	2,033,355
11,017	0	0	142	1,596	0	657,074
64,707	0	333	2,104	32,925	0	1,187,045
33	0	0	114	9,245	0	1,068,062
16,806	0	0	188	3,679	0	824,883
0	0	0	0	0	0	39,000
92,563	0	333	2,548	47,445	0	3,776,064

**Mobile Housing Board
Mobile, Alabama**

**FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES AND CHANGES IN NET POSITION ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>Account Description</u>	Low-Rent Public Hsg 14,850	Housing Counseling Assistance Program 14,169	Child & Adult Care Food Program 10,558	ROSS 14,870	Housing Choice Vouchers 14,871	Supportive Hsg for Persons with Disabilities 14,181	Disaster Housing Assistant Grant 97,109
Ordinary Maintenance & Operation							
Labor	2,021,078	0	0	0	0	0	0
Materials	646,329	0	0	0	33	1	0
Employee benefit contributions	875,351	0	0	0	0	0	0
Contract costs - garbage and trash removal	186,606	0	0	0	0	0	0
Contract costs - heating and cooling	290,425	0	0	0	0	6	0
Contract costs - snow removal	55,499	0	0	0	0	0	0
Contract costs - elevator maintenance	54,823	0	0	0	0	0	0
Contract costs - landscape and grounds	557,934	0	0	0	0	0	0
Contract costs - unit turnaround	0	0	0	0	0	0	0
Contract costs - electrical	31,246	0	0	0	0	0	0
Contract costs - plumbing	61,093	0	0	0	0	0	0
Contract costs - extermination	169,875	0	0	0	0	0	0
Contract costs - janitorial	43,244	0	0	0	0	323	0
Contract costs - routine maintenance	69	0	0	0	0	0	0
Contract costs - miscellaneous	289,636	0	0	0	12,202	49	0
Total Ordinary Maintenance & Operation	5,283,208	0	0	0	12,235	379	0
Protective services							
Protective services - salaries	0	0	0	0	0	0	0
Other Contract Costs	414,690	0	0	0	0	0	0
Employee benefits - protective services	0	0	0	0	0	0	0
Other protective services	0	0	0	0	0	0	0
Total Protective Services	414,690	0	0	0	0	0	0
Insurance Premiums							
Property insurance	810,576	0	0	0	1,371	42	0
Liability insurance	795,954	0	0	0	11,221	343	0
Workmen's compensation	35,809	0	0	0	8,617	270	0
Insurance - other	45,126	0	0	0	8,613	264	0
Total Insurance Premiums	1,687,465	0	0	0	29,822	919	0
General Expenses							
Other general expense	154,750	0	0	0	31,475	0	0
Compensated absences	116,481	0	0	0	26,298	0	0
Payments in lieu of taxes	41,623	0	0	0	0	0	0
Bad debt - tenant rents	356,867	0	0	0	0	0	0
Bad debt - other	0	0	0	0	0	0	0
Severance expense	0	0	0	0	0	0	0
Total General Expenses	669,721	0	0	0	57,773	0	0
Financial Expenses							
Interest expense - Mortgage Payable	590,610	0	0	0	0	0	0
Interest expense - Notes Payable	0	0	0	0	0	0	0
Amortization - issuance costs	269,151	0	0	0	0	0	0
Total Financial Expenses	859,761	0	0	0	0	0	0
TOTAL OPERATING EXPENSE	17,908,179	17,653	48,607	221,154	2,279,433	62,901	0
EXCESS OPERATING REVENUE	4,222,047	0	10,000	0	23,075,714	574,199	15
Other Expenses							
Extraordinary maintenance	0	0	0	0	0	0	0
Casualty losses	0	0	0	0	0	0	0
Housing assistance payments	0	0	0	0	24,047,773	576,797	0
HAP portability-in	0	0	0	0	0	0	0
Depreciation expense	7,583,054	0	0	0	0	0	0
Total Other Expenses	7,583,054	0	0	0	24,047,773	576,797	0
TOTAL EXPENSES	\$ 25,491,233	\$ 17,653	\$ 48,607	\$ 221,154	\$ 26,327,206	\$ 639,698	\$ 0
EXCESS OF REVENUE OVER EXPENSES	\$ (3,361,007)	\$ 0	\$ 10,000	\$ 0	\$ (972,059)	\$ (2,598)	\$ 15

Component Units Discretely Presented	Component Units Blended	State / Local	Business Activities	Central Office Cost Center	Elimination	TOTAL
46,192	0	0	8,397	69,055	0	2,144,722
32,025	5,492	0	1,765	84,027	0	769,672
14,972	0	0	2,665	25,229	0	918,217
5,107	0	0	398	1,121	0	193,232
29,907	0	0	447	9,613	0	330,398
0	0	0	0	0	0	55,499
3,999	0	0	0	2,024	0	60,846
45,465	0	0	4,005	10,660	0	618,064
0	0	0	0	0	0	0
6,645	0	0	172	792	0	38,855
5,465	0	0	1,142	0	0	67,700
10,439	0	0	1,043	1,282	(125,545)	57,094
20,444	3,072	0	579	7,733	0	75,395
0	0	0	0	8,307	0	8,376
46,756	5,076	0	484	7,173	0	361,376
267,416	13,640	0	21,097	227,016	(125,545)	5,699,446
0	0	0	0	0	0	0
57,289	0	0	476	475	0	472,930
0	0	0	0	0	0	0
0	0	0	0	0	0	0
57,289	0	0	476	475	0	472,930
148,117	8	0	1,506	11,962	0	973,582
18,397	0	0	3,879	58,688	0	888,482
1,314	40,777	300	651	14,349	0	102,087
7,878	26,539	0	0	22,279	0	110,699
175,706	67,324	300	6,036	107,278	0	2,074,850
0	870	0	0	0	0	187,095
6,406	19,131	0	2,726	42,472	0	213,514
67,134	0	0	0	0	0	108,757
77,963	5,158	0	0	0	0	439,988
0	0	0	0	0	0	0
0	0	0	0	0	0	0
151,503	25,159	0	2,726	42,472	0	949,354
124,126	0	0	0	0	0	714,736
0	0	0	0	0	0	0
45,500	0	0	0	0	0	314,651
169,626	0	0	0	0	0	1,029,387
1,157,766	2,914,573	27,505	304,410	3,247,811	(5,640,265)	22,549,727
(250,767)	(274,250)	0	965,332	271,800	0	28,594,090
0	0	0	0	0	0	0
18,572	0	0	0	0	0	18,572
0	0	0	0	0	0	24,624,570
0	0	0	0	0	0	0
968,931	457	0	175,387	62,162	0	8,789,991
987,503	457	0	175,387	62,162	0	33,433,133
\$ 2,145,269	\$ 2,915,030	\$ 27,505	\$ 479,797	\$ 3,309,973	\$ (5,640,265)	\$ 55,982,860
\$ (1,238,270)	\$ (274,707)	\$ 0	\$ 789,945	\$ 209,638	\$ 0	\$ (4,839,043)

**Mobile Housing Board
Mobile, Alabama**

**FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES AND CHANGES IN NET POSITION ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>Account Description</u>	Low-Rent Public Hsg 14.850	Housing Counseling Assistance Program 14.169	Child & Adult Care Food Program 10.558	ROSS 14.870	Housing Choice Vouchers 14.871	Supportive Hsg for Persons with Disabilities 14.181	Disaster Housing Assistant Grant 97.109
Transfer of funds - in	3,523,991	0	0	0	281,981	0	0
Transfer of funds - out	(3,523,991)	0	(10,000)	0	0	0	0
Inter project excess cash transfer - in	210,000	0	0	0	0	0	0
Inter project excess cash transfer - out	(210,000)	0	0	0	0	0	0
Transfer of equity	10,750	0	0	(10,750)	0	0	0
Prior period adjustments	0	0	0	0	0	0	0
Beginning Net Position	82,689,571	0	0	10,750	942,388	18,011	63,622
Ending Net Position	\$ 79,339,314	\$ 0	\$ 0	\$ 0	\$ 252,310	\$ 15,413	\$ 63,637
Administrative Fund Equity	-	-	-	-	4,188	-	-
Housing Choice Voucher Equity	-	-	-	-	248,122	-	-
Units Available	38,304	-	-	-	50,004	1,200	-
Units Leased	25,641	-	-	-	39,227	1,200	-

Component Units Discretely Presented	Component Units Blended	State / Local	Business Activities	Central Office Cost Center	Elimination	TOTAL
0	130,000	0	26,814	0	(3,962,786)	0
0	(120,000)	0	(66,391)	(242,404)	3,962,786	0
0	0	0	0	0	(210,000)	0
0	0	0	0	0	210,000	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
15,450,906	(863,282)	0	13,660,356	1,395,824	0	113,368,146
\$ 14,212,636	\$ (1,127,989)	\$ 0	\$ 14,410,724	\$ 1,363,058	\$ 0	\$ 108,529,103
-	-	-	-	-	-	4,188
-	-	-	-	-	-	248,122
2,088	-	-	192	-	-	91,788
1,996	-	-	166	-	-	68,230

**Mobile Housing Board
Mobile, Alabama**

**FINANCIAL DATA SUBMISSION SUMMARY
NET POSITION ACCOUNTS - AMPs
December 31, 2014**

<u>Account Description</u>	<u>AL002-01</u>	<u>AL002-02</u>	<u>AL002-03</u>	<u>AL002-04</u>	<u>AL002-05</u>	<u>AL002-06</u>	<u>AL002-08</u>	<u>AL002-09</u>	<u>AL002-10</u>	<u>AL002-12</u>
ASSETS:										
CURRENT ASSETS:										
Cash:										
Cash - unrestricted	\$ 133,151	\$ 447,953	\$ 310,555	\$ 0	\$ 624,856	\$ 201,090	\$ 85,393	\$ 0	\$ 578,966	\$ 351,949
Cash - restricted - mod and development	0	298,967	1,041,014	0	42,154	433,213	768,020	0	24,845	27,247
Cash - other restricted	825	2,740	0	0	19,371	2,814	0	0	20,133	0
Cash - tenant security deposits	37,125	65,583	27,285	0	76,256	39,728	0	0	86,343	83,836
Cash- restricted for payment of current liab.	0	0	0	0	0	0	0	0	16,636	0
Total Cash	171,101	815,243	1,378,854	0	762,637	676,845	853,413	0	726,923	463,032
Accounts and notes receivables:										
Accounts receivable - HUD	0	0	0	0	36,150	0	0	0	0	0
Accounts receivable - other government	0	0	0	0	0	0	0	0	0	0
Accounts receivable - miscellaneous	0	0	0	0	124,425	0	0	0	3,190	0
Accounts receivable - tenants rents	1,968	1,926	1,662	0	2,837	3,675	0	0	7,282	7,989
Allowance for doubtful accounts-tenants	(116)	(108)	(68)	0	(161)	(196)	0	0	(430)	(350)
Allowance for doubtful accounts-other	(838)	(212)	(530)	0	(2,440)	(1,161)	0	0	(652)	(409)
Notes receivable - current	10,939	2,773	6,915	0	31,859	15,157	0	0	8,508	5,346
Fraud recovery	0	249	0	0	89,521	0	0	0	0	0
Allowance for doubtful accounts - fraud	0	(19)	0	0	(6,857)	0	0	0	0	0
Accrued interest receivable	0	0	0	0	0	0	0	0	0	0
Total receivables - net	11,953	4,609	7,979	0	275,334	17,475	0	0	17,898	12,576
Other current assets:										
Investments - unrestricted	0	0	0	0	0	0	0	0	0	0
Prepaid expenses and other assets	19,425	99,389	101,167	0	170,875	42,566	5,584	0	101,776	145,508
Inventories	0	0	0	0	0	0	0	0	0	0
Allowance for obsolete inventories	0	0	0	0	0	0	0	0	0	0
Assets held for sale	0	0	0	0	0	0	0	0	0	0
Interprogram due from	0	0	0	0	0	0	0	0	0	0
TOTAL CURRENT ASSETS	202,479	919,241	1,488,000	0	1,208,846	736,886	858,997	0	846,597	621,116
NONCURRENT ASSETS:										
Capital Assets:										
Land	11,640	203,486	446,161	0	329,652	31,373	467,329	0	16,100	166,006
Buildings	6,416,606	33,466,405	16,008,957	0	60,652,780	23,546,477	8,155,836	0	23,013,254	29,353,163
Furniture & equipment - Dwellings	0	0	0	0	0	0	0	0	0	0
Furniture & equipment - Administration	59,292	267,287	251,585	0	394,418	147,818	203,189	0	569,041	527,822
Improvements	0	0	0	0	0	0	0	0	0	0
Work in process	0	0	1,200	0	1,065,291	0	0	0	2,187	346
Accumulated depreciation	(5,271,106)	(12,144,571)	(15,551,464)	0	(52,470,414)	(9,289,620)	(6,778,013)	0	(14,715,226)	(18,967,385)
Total capital assets - net	1,216,432	21,792,607	1,156,439	0	9,971,727	14,436,048	2,048,341	0	8,885,356	11,079,952
Notes receivable - noncurrent	0	0	0	0	0	0	0	0	0	0
Investment in joint ventures	0	0	0	0	0	0	0	0	0	0
Other Assets	0	0	0	0	0	0	0	0	0	0
TOTAL NONCURRENT ASSETS	1,216,432	21,792,607	1,156,439	0	9,971,727	14,436,048	2,048,341	0	8,885,356	11,079,952
TOTAL ASSETS	\$ 1,418,911	\$ 22,711,848	\$ 2,644,439	\$ 0	\$ 11,180,573	\$ 15,172,934	\$ 2,907,338	\$ 0	\$ 9,731,953	\$ 11,701,068

AL002-13	AL002-16	AL002-18	AL002-19	AL002-20	AL002-21	AL002-23	Other Project	TOTAL
\$ 92,783	\$ 124,549	\$ 0	\$ 0	\$ 40,143	\$ 0	\$ 0	\$ 18,503	\$ 3,009,891
828	911	0	0	0	0	0	0	2,637,199
0	0	0	0	19,650	0	6,112	0	71,645
19,650	26,588	0	0	23,720	0	0	0	486,114
0	0	0	0	0	0	0	0	16,636
113,261	152,048	0	0	83,513	0	6,112	18,503	6,221,485
0	0	0	0	0	0	0	0	36,150
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	127,615
163	391	0	0	1,524	0	0	0	29,417
(12)	(30)	0	0	(94)	0	0	0	(1,565)
(26)	(79)	0	0	(48)	0	0	0	(6,395)
335	1,034	0	0	631	0	0	0	83,497
0	0	0	0	487	0	0	0	90,257
0	0	0	0	(37)	0	0	0	(6,913)
0	0	0	0	0	0	0	0	0
460	1,316	0	0	2,463	0	0	0	352,063
0	0	0	0	0	0	0	0	0
14,984	27,625	0	0	15,672	0	0	0	744,571
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
128,705	180,989	0	0	101,648	0	6,112	18,503	7,318,119
125,240	2,025	0	233,307	106,236	1,300,066	0	1,192,184	4,630,805
3,835,324	7,119,350	0	0	5,079,378	0	0	1,200	216,848,730
0	0	0	0	0	0	0	0	0
21,929	49,570	0	0	0	0	0	221,042	2,712,993
0	0	0	0	0	0	0	0	0
0	1,200	0	0	0	0	0	2,379,962	3,450,186
(2,651,132)	(5,071,344)	0	0	(395,188)	0	0	(215,386)	(143,520,849)
1,331,361	2,100,801	0	233,307	4,790,426	1,300,066	0	3,579,002	83,921,865
0	0	0	0	0	0	1,282,325	0	1,282,325
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
1,331,361	2,100,801	0	233,307	4,790,426	1,300,066	1,282,325	3,579,002	85,204,190
\$ 1,460,066	\$ 2,281,790	\$ 0	\$ 233,307	\$ 4,892,074	\$ 1,300,066	\$ 1,288,437	\$ 3,597,505	\$ 92,522,309

**Mobile Housing Board
Mobile, Alabama**

**FINANCIAL DATA SUBMISSION SUMMARY
NET POSITION ACCOUNTS - AMPs
December 31, 2014**

<u>Account Description</u>	<u>AL002-01</u>	<u>AL002-02</u>	<u>AL002-03</u>	<u>AL002-04</u>	<u>AL002-05</u>	<u>AL002-06</u>	<u>AL002-08</u>	<u>AL002-09</u>	<u>AL002-10</u>	<u>AL002-12</u>
LIABILITIES AND NET POSITION:										
LIABILITIES:										
CURRENT LIABILITIES:										
Cash overdraft	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accounts payable < 90 days	16,275	15,281	11,242	0	53,662	11,213	2,975	0	16,036	19,850
Accrued salaries/payroll withholding	1,427	4,938	3,958	0	8,255	3,304	126	0	7,587	5,529
Accrued compensated absences	619	1,708	3,480	0	6,101	2,040	46	0	3,119	3,782
Accrued interest payable	0	0	0	0	0	0	0	0	0	0
Accounts payable - HUD PHA programs	0	0	0	0	0	0	0	0	0	0
Accounts payable - other gov.	0	12,559	0	0	0	0	0	0	0	14,329
Tenant security deposits	37,125	65,583	27,285	0	76,256	39,728	0	0	86,343	83,836
Unearned revenue	1,879	4,643	5,568	0	145,385	2,848	0	0	22,747	6,356
Current portion of L-T debt - capital projects	0	23,179	0	0	3,268	33,587	0	0	1,926	2,113
Other current liabilities	0	0	0	0	0	0	0	0	0	0
Accrued liabilities - other	4,312	12,099	32,615	0	24,882	7,677	1,345	0	55,270	39,358
Interprogram (due to)	0	0	0	0	0	0	0	0	0	0
TOTAL CURRENT LIABILITIES	61,637	139,990	84,148	0	317,809	100,397	4,492	0	193,028	175,153
NONCURRENT LIABILITIES:										
Long-term debt, net of current - capital projects	0	4,169,535	0	0	587,893	6,041,783	0	0	346,499	379,993
Long-term debt, net of current - operating	0	0	0	0	0	0	0	0	0	0
Accrued comp. absences - long term	9,784	27,050	55,108	0	96,613	32,286	728	0	49,409	59,882
Noncurrent liabilities - other	825	2,740	0	0	19,371	2,814	0	0	20,133	0
TOTAL NONCURRENT LIABILITIES	10,609	4,199,325	55,108	0	703,877	6,076,883	728	0	416,041	439,875
TOTAL LIABILITIES	72,246	4,339,315	139,256	0	1,021,686	6,177,280	5,220	0	609,069	615,028
NET POSITION:										
Net investment in capital assets	1,216,432	17,599,893	1,156,439	0	9,380,566	8,360,678	2,048,341	0	8,536,931	10,697,846
Restricted	0	298,967	1,041,014	0	42,154	433,213	768,020	0	24,845	27,247
Unrestricted	130,233	473,673	307,730	0	736,167	201,763	85,757	0	561,108	360,947
TOTAL NET POSITION	1,346,665	18,372,533	2,505,183	0	10,158,887	8,995,654	2,902,118	0	9,122,884	11,086,040
TOTAL LIABILITIES AND NET POSITION	\$ 1,418,911	\$ 22,711,848	\$ 2,644,439	\$ 0	\$ 11,180,573	\$ 15,172,934	\$ 2,907,338	\$ 0	\$ 9,731,953	\$ 11,701,068

AL002-13	AL002-16	AL002-18	AL002-19	AL002-20	AL002-21	AL002-23	Other Project	TOTAL
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
4,585	6,786	0	0	1,606	0	0	0	159,511
2,169	1,788	0	0	316	0	0	0	39,397
884	1,121	0	0	411	0	0	0	23,311
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
3,582	5,029	0	0	4,975	0	0	0	40,474
19,650	26,588	0	0	23,720	0	0	0	486,114
211	2,922	0	0	673	0	0	0	193,232
64	71	0	0	0	0	0	0	64,208
0	0	0	0	0	0	0	0	0
765	13,031	0	0	0	0	0	0	191,354
0	0	0	0	0	0	0	0	0
31,910	57,336	0	0	31,701	0	0	0	1,197,601
11,550	12,705	0	0	0	0	0	0	11,549,958
0	0	0	0	0	0	0	0	0
14,006	17,758	0	0	6,487	0	0	0	369,111
0	0	0	0	19,650	0	0	792	66,325
25,556	30,463	0	0	26,137	0	0	792	11,985,394
57,466	87,799	0	0	57,838	0	0	792	13,182,995
1,319,747	2,088,025	0	233,307	4,790,426	1,300,066	0	3,579,002	72,307,699
828	911	0	0	0	0	1,288,437	0	3,925,636
82,025	105,055	0	0	43,810	0	0	17,711	3,105,979
1,402,600	2,193,991	0	233,307	4,834,236	1,300,066	1,288,437	3,596,713	79,339,314
\$ 1,460,066	\$ 2,281,790	\$ 0	\$ 233,307	\$ 4,892,074	\$ 1,300,066	\$ 1,288,437	\$ 3,597,505	\$ 92,522,309

**Mobile Housing Board
Mobile, Alabama**

**FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES AND CHANGES IN
NET POSITION ACCOUNTS - COMBINED SCHEDULE - AMP's
FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>Account Description</u>	<u>AL002-01</u>	<u>AL002-02</u>	<u>AL002-03</u>	<u>AL002-04</u>	<u>AL002-05</u>	<u>AL002-06</u>	<u>AL002-08</u>	<u>AL002-09</u>	<u>AL002-10</u>	<u>AL002-12</u>
REVENUES:										
Net tenant rental revenue	\$ 76,709	\$ 658,947	\$ 202,607	\$ 0	\$ 569,967	\$ 288,113	\$ 0	\$ 0	\$ 533,753	\$ 1,156,725
Tenant revenue - other	15,040	92,816	25,019	0	151,413	46,372	0	0	92,552	13,438
Total tenant revenue	91,749	751,763	227,626	0	721,380	334,485	0	0	626,305	1,170,163
HUD PHA grants - operating	684,141	784,532	1,619,612	0	2,572,243	835,936	369,396	0	2,318,724	1,389,569
HUD PHA grants - capital	0	682,020	15,973	0	1,161,455	988,149	3,943	0	64,381	977,799
Management fee	0	0	0	0	0	0	0	0	0	0
Asset management fee	0	0	0	0	0	0	0	0	0	0
Bookkeeping fee	0	0	0	0	0	0	0	0	0	0
Front line service fee	0	0	0	0	0	0	0	0	0	0
Other government grants	0	0	0	0	0	0	0	0	0	0
Investment income - unrestricted	147	362	662	0	1,166	291	0	0	659	681
Mortgage interest income	0	0	0	0	0	0	0	0	0	0
Fraud income	0	0	0	0	0	0	0	0	0	0
Proceeds from Disposition of Assets Held for S	0	0	0	0	0	0	0	0	0	0
Cost of Sale of Assets	0	0	0	0	0	0	0	0	0	0
Other revenue	1,542	8,167	1,047,074	0	36,563	6,004	768,843	0	54,628	40,820
Gain/(loss) on disposition	0	0	0	0	0	0	0	0	0	0
Investment income - restricted	0	37	3	0	5	54	1	0	3	3
TOTAL REVENUES	\$ 777,579	\$ 2,226,881	\$ 2,910,950	\$ 0	\$ 4,492,912	\$ 2,164,919	\$ 1,142,183	\$ 0	\$ 3,064,700	\$ 3,579,035
EXPENSES:										
Administrative										
Administrative salaries	\$ 58,167	\$ 116,318	\$ 80,931	\$ 0	\$ 142,517	\$ 47,679	\$ 5,093	\$ 0	\$ 81,136	\$ 118,449
Auditing fees	2,045	2,045	2,045	0	2,045	2,045	0	0	2,045	2,045
Management fees	74,025	182,761	157,391	0	399,393	146,618	34,659	0	323,215	299,046
Bookkeeping fees	8,498	20,978	14,183	0	41,685	16,815	0	0	36,885	33,337
Advertising & marketing	25	0	275	0	0	0	0	0	0	0
Employee benefits - administrative	24,758	36,795	32,376	0	74,139	24,576	1,102	0	45,433	52,705
Office expense	31,368	102,120	101,692	0	164,563	48,916	2,049	0	98,622	129,238
Legal expense	5,855	17,797	8,869	0	5,436	11,850	21	0	23,671	8,772
Travel expense	148	841	670	0	3,783	295	0	0	667	2,308
Other operating - administrative	3,126	80,073	5,560	0	24,309	104,139	206	0	16,855	18,327
Total Administrative Expense	208,015	559,728	403,992	0	857,870	402,933	43,130	0	628,529	664,227
Asset management fee	12,000	29,640	54,240	0	95,520	23,880	35,040	0	54,000	0
Tenant services										
Tenant services - salaries	7,994	18,010	19,511	0	44,161	12,257	0	0	23,097	33,840
Relocation Costs	0	0	0	0	0	0	0	0	0	0
Employee benefits - tenant services	1,630	3,893	6,094	0	11,482	2,962	0	0	6,347	8,864
Other tenant services	4,755	8,049	54,003	0	55,223	11,924	0	0	78,089	33,743
Total Tenant Services	14,379	29,952	79,608	0	110,866	27,143	0	0	107,533	76,447
Utilities										
Water	30,849	37,861	78,949	0	26,450	201,147	50,658	0	125,586	58,745
Electricity	22,946	65,452	68,751	0	105,306	29,906	4,344	0	114,017	480,006
Gas	69,243	46	146,281	0	312,728	151,016	0	0	326,718	40,374
Sewer	68,758	71,254	173,629	0	38,990	251	6,749	0	280,110	118,967
Other utilities expense	0	0	0	0	0	39,000	0	0	0	0
Total Utilities Expense	191,796	174,613	467,610	0	483,474	421,320	61,751	0	846,431	698,092
Ordinary Maintenance & Operation										
Labor	85,376	167,427	238,487	0	529,036	177,798	3,985	0	371,406	292,411
Materials	84,095	36,937	57,769	0	124,691	91,353	0	0	118,640	75,904
Employee benefit contributions	50,397	75,536	105,037	0	233,694	78,080	735	0	162,495	123,064
Contract costs - garbage and trash removal	8,551	3,969	39,941	0	37,830	31,239	427	0	37,219	22,343
Contract costs - heating and cooling	4,304	44,919	2,025	0	76,157	69,023	0	0	64,295	13,154
Contract costs - snow removal	0	0	55,499	0	0	0	0	0	0	0
Contract costs - elevator maintenance	0	0	0	0	0	0	0	0	0	48,459
Contract costs - landscape and grounds	14,175	45,521	0	0	176,457	63,206	50,832	0	109,149	32,766
Contract costs - unit turnaround	0	0	0	0	0	0	0	0	0	0
Contract costs - electrical	162	2,981	4,123	0	16,052	1,074	0	0	4,635	1,709
Contract costs - plumbing	5,522	2,299	3,887	0	10,715	4,716	0	0	17,387	11,642
Contract costs - extermination	13,492	16,660	15,801	0	34,906	15,314	1,070	0	26,621	29,909
Contract costs - janitorial	261	645	1,180	0	2,079	519	0	0	1,175	18,253
Contract costs - routine maintenance	0	0	0	0	0	0	0	0	69	0
Contract costs - miscellaneous	4,180	20,774	10,970	0	43,266	4,732	2,372	0	65,105	80,513
Total Ordinary Maintenance & Operation	270,515	417,668	534,719	0	1,284,883	537,054	59,421	0	978,196	750,127
Protective services										
Protective services - salaries	0	0	0	0	0	0	0	0	0	0
Other contract costs	7,383	58,678	30,219	0	53,424	592	44,732	0	30,312	98,385
Employee benefits - protective services	0	0	0	0	0	0	0	0	0	0
Other protective services	0	0	0	0	0	0	0	0	0	0
Total Protective Services	7,383	58,678	30,219	0	53,424	592	44,732	0	30,312	98,385
Insurance Premiums										
Property insurance	7,825	151,580	121,127	0	114,961	28,518	186,148	0	64,067	99,468
Liability insurance	13,037	46,624	97,931	0	168,871	42,840	134,608	0	96,329	137,258
Workmen's compensation	1,840	3,551	3,173	0	8,825	3,261	210	0	6,524	5,461
Insurance - other	1,924	4,042	6,763	0	11,151	3,384	31	0	7,373	6,462
Total Insurance Premiums	24,626	205,797	228,944	0	303,808	78,003	320,997	0	174,293	248,649

AL002-13	AL002-16	AL002-18	AL002-19	AL002-20	AL002-21	AL002-23	Other Project	TOTAL
\$ 170,849	\$ 370,763	\$ 0	\$ 0	\$ 170,218	\$ 0	\$ 0	\$ 0	\$ 4,198,651
1,921	3,834	0	0	8,905	0	0	0	451,310
172,770	374,597	0	0	179,123	0	0	0	4,649,961
328,878	394,672	0	107,620	60,257	66,720	30,634	0	11,562,934
42,402	3,299	0	0	0	0	0	0	3,939,421
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
138	179	0	0	97	0	577	0	4,959
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
1,450	5,655	0	0	1,755	0	0	244	1,972,845
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	106
\$ 545,638	\$ 778,402	\$ 0	\$ 107,620	\$ 241,232	\$ 66,720	\$ 31,211	\$ 244	\$ 22,130,226
\$ 62,772	\$ 47,126	\$ 0	\$ 0	\$ 8,537	\$ 0	\$ 0	\$ 0	\$ 768,725
2,045	2,045	0	0	2,045	0	0	0	20,450
72,381	90,791	0	11,809	53,482	10,326	21,614	0	1,877,511
8,370	10,433	0	0	4,290	0	0	0	195,474
0	0	0	0	0	0	0	0	300
17,524	21,066	0	0	1,689	0	0	0	332,163
25,409	30,617	0	0	31,658	0	234,943	0	1,001,195
445	2,932	0	0	545	0	501	0	86,694
140	181	0	0	72	0	0	0	9,105
8,074	1,943	0	0	1,327	0	0	0	263,939
197,160	207,134	0	11,809	103,645	10,326	257,058	0	4,555,556
11,280	0	0	0	5,760	0	0	0	321,360
4,061	5,261	0	0	4,515	0	0	0	172,707
0	0	0	0	0	0	0	0	0
1,268	1,643	0	0	833	0	0	0	45,016
9,444	9,549	0	0	741	0	0	0	265,520
14,773	16,453	0	0	6,089	0	0	0	483,243
11,749	11,909	0	0	10,416	0	0	0	644,319
22,222	172,507	0	0	1,519	0	0	0	1,086,976
1,480	10,424	0	0	360	0	0	0	1,058,670
24,447	20,590	0	0	465	0	0	0	804,210
0	0	0	0	0	0	0	0	39,000
59,898	215,430	0	0	12,760	0	0	0	3,633,175
91,555	37,670	0	0	25,927	0	0	0	2,021,078
8,924	34,220	0	0	5,247	0	8,549	0	646,329
22,947	15,170	0	0	8,196	0	0	0	875,351
1,242	3,824	0	0	21	0	0	0	186,606
11,004	4,088	0	0	1,456	0	0	0	290,425
0	0	0	0	0	0	0	0	55,499
0	6,364	0	0	0	0	0	0	54,823
24,463	15,881	0	0	25,484	0	0	0	557,934
0	0	0	0	0	0	0	0	0
34	458	0	0	18	0	0	0	31,246
1,980	1,684	0	0	1,261	0	0	0	61,093
6,241	9,260	0	0	601	0	0	0	169,875
246	18,731	0	0	155	0	0	0	43,244
0	0	0	0	0	0	0	0	69
7,051	28,534	0	0	339	0	21,800	0	289,636
175,687	175,884	0	0	68,705	0	30,349	0	5,283,208
0	0	0	0	0	0	0	0	0
6,287	74,604	0	0	10,074	0	0	0	414,690
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
6,287	74,604	0	0	10,074	0	0	0	414,690
9,891	17,423	0	0	9,568	0	0	0	810,576
15,697	25,259	0	0	17,500	0	0	0	795,954
1,834	821	0	0	359	0	0	0	35,809
1,833	2,059	0	0	104	0	0	0	45,126
29,255	45,562	0	0	27,531	0	0	0	1,687,465

Mobile Housing Board
Mobile, Alabama

FINANCIAL DATA SUBMISSION SUMMARY
REVENUES, EXPENSES AND CHANGES IN
NET POSITION ACCOUNTS - COMBINED SCHEDULE - AMP's
FOR THE YEAR ENDED DECEMBER 31, 2014

Account Description	AL002-01	AL002-02	AL002-03	AL002-04	AL002-05	AL002-06	AL002-08	AL002-09	AL002-10	AL002-12
General Expenses										
Other general expense	0	0	0	0	2,545	0	0	0	0	0
Compensated absences	1,329	1,045	23,426	0	28,629	9,509	363	0	19,025	17,791
Payments in lieu of taxes	0	12,929	0	0	0	0	0	0	0	14,749
Bad debt - tenant rents	8,679	97,578	9,154	0	141,330	21,033	0	0	60,479	15,187
Bad debt - mortgages	0	0	0	0	0	0	0	0	0	0
Severance expense	0	0	0	0	0	0	0	0	0	0
Total General Expenses	10,008	111,552	32,580	0	172,504	30,542	363	0	79,504	47,727
Financial Expenses										
Interest expense - Mortgage Payable	0	206,200	15,369	0	29,075	298,667	4,102	0	17,147	18,808
Interest expense - Notes Payable	0	0	0	0	0	0	0	0	0	0
Amortization - issuance costs	0	93,531	7,967	0	13,188	135,464	2,126	0	7,778	8,532
Total Financial Expenses	0	299,731	23,336	0	42,263	434,131	6,228	0	24,925	27,340
TOTAL OPERATING EXPENSE	738,722	1,887,359	1,855,248	0	3,404,612	1,955,598	571,662	0	2,923,723	2,610,994
EXCESS OPERATING REVENUE	38,857	339,522	1,055,702	0	1,088,300	209,321	570,521	0	140,977	968,041
Other Expenses										
Extraordinary maintenance	0	0	0	0	0	0	0	0	0	0
Casualty losses	0	0	0	0	0	0	0	0	0	0
Housing assistance payments	0	0	0	0	0	0	0	0	0	0
Depreciation expense	104,441	1,666,030	92,459	0	1,780,858	1,263,971	222,307	0	1,065,520	839,240
Total Other Expenses	104,441	1,666,030	92,459	0	1,780,858	1,263,971	222,307	0	1,065,520	839,240
TOTAL EXPENSES	\$ 843,163	\$ 3,553,389	\$ 1,947,707	\$ 0	\$ 5,185,470	\$ 3,219,569	\$ 793,969	\$ 0	\$ 3,989,243	\$ 3,450,234
EXCESS OF REVENUE OVER EXPENSES	\$ (65,584)	\$ (1,326,508)	\$ 963,243	\$ 0	\$ (692,558)	\$ (1,054,650)	\$ 348,214	\$ 0	\$ (924,543)	\$ 128,801
Operating transfer - in	201,309	916,876	263,699	0	226,929	1,024,783	3,943	0	206,441	529,925
Operating transfer - out	(201,309)	(916,876)	(263,699)	0	(226,929)	(1,024,783)	(3,943)	0	(206,441)	(529,925)
Inter project excess cash transfer - in	0	0	0	0	0	60,000	50,000	0	0	100,000
Inter project excess cash transfer - out	0	0	(135,000)	0	0	0	0	0	0	0
Transfer of equity	0	0	0	0	0	0	0	0	0	0
Prior period adjustments	0	0	0	0	0	0	0	0	0	0
Beginning Net Position	1,412,249	19,699,041	1,676,940	0	10,851,445	9,990,304	2,503,904	0	10,047,427	10,857,239
Ending Net Position	\$ 1,346,665	\$ 18,372,533	\$ 2,505,183	\$ 0	\$ 10,158,887	\$ 8,995,654	\$ 2,902,118	\$ 0	\$ 9,122,884	\$ 11,086,040
Units Available	1200	2940	5388	0	9350	2388	3504	0	5376	4,990
Units Leased	1132	2746	1817	0	5528	2241	0	0	4857	4,239

AL002-13	AL002-16	AL002-18	AL002-19	AL002-20	AL002-21	AL002-23	Other Project	TOTAL
0	0	0	95,811	0	56,394	0	0	154,750
4,332	8,396	0	0	2,636	0	0	0	116,481
3,646	5,189	0	0	5,110	0	0	0	41,623
0	0	0	0	3,427	0	0	0	356,867
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
7,978	13,585	0	95,811	11,173	56,394	0	0	669,721
591	651	0	0	0	0	0	0	590,610
0	0	0	0	0	0	0	0	0
269	296	0	0	0	0	0	0	269,151
860	947	0	0	0	0	0	0	859,761
503,178	749,599	0	107,620	245,737	66,720	287,407	0	17,908,179
42,460	28,803	0	0	(4,505)	0	(256,196)	244	4,222,047
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
178,565	211,455	0	0	151,936	0	0	6,272	7,583,054
178,565	211,455	0	0	151,936	0	0	6,272	7,583,054
\$ 681,743	\$ 961,054	\$ 0	\$ 107,620	\$ 397,673	\$ 66,720	\$ 287,407	\$ 6,272	\$ 25,491,233
\$ (196,105)	\$ (182,652)	\$ 0	\$ 0	\$ (156,441)	\$ 0	\$ (256,196)	\$ (6,028)	\$ (3,361,007)
49,579	98,462	0	0	2,045	0	0	0	3,523,991
(49,579)	(98,462)	0	0	(2,045)	0	0	0	(3,523,991)
0	0	0	0	0	0	0	0	210,000
(75,000)	0	0	0	0	0	0	0	(210,000)
0	0	0	0	578,873	0	0	(568,123)	10,750
0	0	0	0	0	0	0	0	0
1,613,705	2,376,643	0	233,307	4,411,804	1,300,066	1,544,633	4,170,864	82,689,571
\$ 1,402,600	\$ 2,193,991	\$ 0	\$ 233,307	\$ 4,834,236	\$ 1,300,066	\$ 1,288,437	\$ 3,596,713	\$ 79,339,314
1128	1464	0	0	576	0	0	0	38,304
1116	1393	0	0	572	0	0	0	25,641

MOBILE HOUSING BOARD
Mobile, Alabama

SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Type</u>	<u>Federal CFDA #</u>	<u>Expenditures</u>
<u>FEDERAL GRANTOR</u>			
<u>U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT:</u>			
Public Housing:			
Low Rent Public Housing - subsidy	A - Major	14.850	\$ 9,494,114
Resident Opportunity & Supportive Services	B - Nonmajor	14.870	221,154
Capital Fund Program	A - Major	14.872	6,008,241
Section 8 Housing Assistance Program:			
Housing Choice Voucher Program	A - Major	14.871	25,229,832
Other Programs:			
Housing Counseling Assistance Program	B - Nonmajor	14.169	17,653
Supportive Housing for Persons with Disabilities	B - Nonmajor	14.181	637,093
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>			
Child and Adult Care Food Program	B - Nonmajor	10.558	58,589
TOTAL FEDERAL FINANCIAL AWARDS			\$ <u>41,666,676</u>
Threshold for Type A & Type B			\$ <u>1,250,000</u>

The accompanying notes are an integral part of this schedule.

MOBILE HOUSING BOARD
Mobile, Alabama

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE A - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Mobile Housing Board and is presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE B - SUBRECIPIENTS:

The Mobile Housing Board provided no federal awards to subrecipients during the fiscal year ending December 31, 2014.

NOTE C - DISCLOSURE OF OTHER FORMS OF ASSISTANCE:

- The Mobile Housing Board received no federal awards of non-monetary assistance that are required to be disclosed for the year ended December 31, 2014.
- The Mobile Housing Board had no loans, loan guarantees, or federally restricted endowment funds required to be disclosed for the fiscal year ended December 31, 2014.
- The Mobile Housing Board maintains the following limits of insurance as of December 31, 2014:

Property	\$	100,000,000
Liability	\$	3,000,000
Boiler & Machine	\$	250,000,000
Commercial Auto	\$	1,000,000
Crime	\$	250,000
Worker Compensation		Statutory
Directors & Officers	\$	2,000,000
Flood		Replacement Cost

Settled claims have not exceeded the above commercial insurance coverage limits over the past three years.

MOBILE HOUSING BOARD
Mobile, Alabama

SUPPLEMENTAL INFORMATION
SPECIAL REPORTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

MOBILE HOUSING BOARD
Mobile, Alabama

STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Annual Contributions Contract A-4108

PHASE AL09P002501-10

- 1 The Actual Modernization Costs of Phase 501-10 were:

Funds Approved	\$ 5,438,148
Funds Expended	<u>5,438,148</u>
Excess of Funds Approved	<u>\$ -</u>
Funds Advanced	\$ 5,438,148
Funds Expended	<u>5,438,148</u>
Excess of Funds Advanced	<u>\$ -</u>

- 2 Audit period additions were \$31,982 and accordingly were audited by Rector, Reeder & Lofton, P.C.
- 3 The distribution of costs by major cost accounts as shown on the Final Statement of Modernization Cost dated January 27, 2015, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the PHA's records.
- 4 All modernization costs have been paid and all related liabilities have been discharged through payment.

MOBILE HOUSING BOARD
Mobile, Alabama

STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Annual Contributions Contract A-4108

PHASE AL09P002501-11

- 1 The Actual Modernization Costs of Phase 501-11 were:

Funds Approved	\$ 4,637,028
Funds Expended	<u>4,637,028</u>
Excess of Funds Approved	\$ <u><u>-</u></u>
 Funds Advanced	 \$ 4,637,028
Funds Expended	<u>4,637,028</u>
Excess of Funds Advanced	\$ <u><u>-</u></u>

- 2 Audit period additions were \$26,531 and accordingly were audited by Rector, Reeder & Lofton, P.C.
- 3 The distribution of costs by major cost accounts as shown on the Final Statement of Modernization Cost dated March 23, 2015, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the PHA's records.
- 4 All modernization costs have been paid and all related liabilities have been discharged through payment.

**MOBILE HOUSING BOARD
Mobile, Alabama**

**STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Annual Contributions Contract A-4108

PHASE AL09R002501-10

- 1 The Actual Modernization Costs of Phase R251-10 were:

Funds Approved	\$	1,182,540
Funds Expended		<u>1,182,540</u>
Excess of Funds Approved	\$	<u><u>-</u></u>
Funds Advanced	\$	1,182,540
Funds Expended		<u>1,182,540</u>
Excess of Funds Advanced	\$	<u><u>-</u></u>

- 2 Audit period additions were \$3,016 and accordingly were audited by Rector, Reeder & Lofton, P.C.
- 3 The distribution of costs by major cost accounts as shown on the Final Statement of Modernization Cost dated January 27, 2015, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the PHA's records.
- 4 All modernization costs have been paid and all related liabilities have been discharged through payment.

MOBILE HOUSING BOARD
Mobile, Alabama

STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Annual Contributions Contract A-4108

PHASE AL09R002502-12

- 1 The Actual Modernization Costs of Phase R502-12 were:

Funds Approved	\$ 182,381
Funds Expended	<u>182,381</u>
Excess of Funds Approved	<u>\$ -</u>
 Funds Advanced	 \$ 182,381
Funds Expended	<u>182,381</u>
Excess of Funds Advanced	<u>\$ -</u>

- 2 Audit period additions were \$182,381 and accordingly were audited by Rector, Reeder & Lofton, P.C.
- 3 The distribution of costs by major cost accounts as shown on the Final Statement of Modernization Cost dated March 23, 2015, accompanying the Actual Modernization Cost Certificate submitted to HUD for approval is in agreement with the PHA's records.
- 4 All modernization costs have been paid and all related liabilities have been discharged through payment.

**MOBILE HOUSING BOARD
Mobile, Alabama**

**STATEMENT AND CERTIFICATION OF ACTUAL GRANT COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Annual Contributions Contract A-4108

PHASE AL002RFS218A012

- 1 The Actual Grant Costs of Phase AL002RFS218A012 were:

Funds Approved	\$ 46,926
Funds Expended	<u>46,926</u>
Excess of Funds Approved	\$ <u><u>-</u></u>
 Funds Advanced	 \$ 46,926
Funds Expended	<u>46,926</u>
Excess of Funds Advanced	\$ <u><u>-</u></u>

- 2 Audit period additions were \$32,377 and accordingly were audited by Rector, Reeder & Lofton, P.C.
- 3 The total costs as shown on the SF-425 and Financial Status Report date September 11, 2014 is in agreement with the PHA's records.
- 4 All grant costs have been paid and all related liabilities have been discharged through payment.

**MOBILE HOUSING BOARD
Mobile, Alabama**

**STATEMENT AND CERTIFICATION OF ACTUAL GRANT COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Annual Contributions Contract A-4108

PHASE AL002RPS040A009

- 1 The Actual Grant Costs of Phase AL002RPS040A009 were:

Funds Approved	\$ 686,520
Funds Expended	<u>686,520</u>
Excess of Funds Approved	\$ <u>-</u>
 Funds Advanced	 \$ 686,520
Funds Expended	<u>686,520</u>
Excess of Funds Advanced	\$ <u>-</u>

- 2 Audit period additions were \$5,627 and accordingly were audited by Rector, Reeder & Lofton, P.C.
- 3 The total costs as shown on the SF-425 and Financial Status Report dated January 31, 2014 is in agreement with the PHA's records.
- 4 All grant costs have been paid and all related liabilities have been discharged through payment.

MOBILE HOUSING BOARD

Mobile, Alabama

STATEMENT AND CERTIFICATION OF ACTUAL GRANT COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Annual Contributions Contract A-4108

PHASE HC14-0421-001

- 1 The Actual Grant Costs of Phase HC14-0421-001 were:

Funds Approved	\$	17,653
Funds Expended		<u>17,653</u>
Excess of Funds Approved	\$	<u><u>-</u></u>
Funds Advanced	\$	17,653
Funds Expended		<u>17,653</u>
Excess of Funds Advanced	\$	<u><u>-</u></u>

- 2 Audit period additions were \$17,653 and accordingly were audited by Rector, Reeder & Lofton, P.C.
- 3 The total costs as shown on the SF-425 and Financial Status Report dated September 30, 2014 is in agreement with the PHA's records.
- 4 All grant costs have been paid and all related liabilities have been discharged through payment.